

**SHARE EXCHANGE AGREEMENT**

**THIS SHARE EXCHANGE AGREEMENT** made as of the 8<sup>th</sup> day of June, 2018.

**AMONG:**

**THE PERSONS** listed in Schedule "A" attached hereto.

(hereinafter collectively called the "**Vendors**")

OF THE FIRST PART

**AND:**

**MOUNTAIN LAKE MINERALS LTD.**, a company incorporated pursuant to the laws of the Province of British Columbia and having an office located 1853 Sunken Lake Road, Wolfville, Nova Scotia, B4P 2R2

(hereinafter called "**Purchaser**")

OF THE SECOND PART

**AND:**

**1157630 B.C. LTD.**, a company incorporated pursuant to the laws of the Province of British Columbia and having an office located at Suite 300-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9

(hereinafter called the "**Target**")

OF THE THIRD PART

**AND:**

**GO GREEN B.C. MEDICINAL MARIJUANA LTD.**, a company incorporated pursuant to the laws of the Province of British Columbia and having an office located at 19069 Okanagan Centre Road West, Lake Country, British Columbia, V4V 2J5

(hereinafter called the "**Target Subsidiary**")

**WITNESSES THAT:**

- A. The Vendors are or are entitled to be the registered, legal and beneficial owners of all of the issued and outstanding Target Shares (as defined herein).

- B. The Purchaser has made an offer to the Vendors to acquire all of the Target Shares as at the Closing in exchange for the issuance of the Payment Shares (as defined herein); and
- C. The Target Subsidiary holds all of the right, title and interest in and to an application for a license to produce under the *Access to Cannabis for Medical Purposes Regulations* (Canada), and is currently in the 'active review' stage of such application process.
- D. The Target and the then sole shareholder of the Target Subsidiary (the "**Former Shareholder**") entered into a share purchase agreement dated April 20, 2018 (the "**Share Purchase Agreement**") pursuant to which the Target acquired all legal and beneficial interest in the Target Subsidiary Securities. (as defined herein), subject to certain cash payment and share issuance obligations which remain outstanding as of the date of this Agreement, being a cash payment of \$225,000 to the Former Shareholder due on July 20, 2018, a final cash payment of \$500,000 to the Former Shareholder due on the date which is the earlier of November 15, 2018 and the issuance to the Target of the Cultivation License (as defined herein) and the issuance of such number of common shares in the capital of a public entity (the "**Pubco Shares**") as shall a deemed aggregate value of \$1,000,000 on the date which is the earlier of (a) the completion of a transaction resulting in the Target becoming owned by a public entity and (b) December 15, 2018 (collectively the "**Outstanding Payments**").

**NOW THEREFORE** in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed by and between the parties hereto as follows:

## ARTICLE 1 - INTERPRETATION

### 1.1 Definitions

In this Agreement, the following capitalized terms and phrases shall have the following meanings:

- (a) "**ACMPR**" means the *Access to Cannabis for Medical Purposes Regulations* (Canada) pursuant to the *Controlled Drugs and Substances Act* (Canada), each as may be amended from time to time
- (b) "**Additional Acquisition**" means the acquisition by the Purchaser of all of the issued and outstanding securities of Numberco pursuant to the Acquisition Agreement.
- (c) "**Affiliate**" shall have the meaning ascribed thereto in the Business Corporations Act.
- (d) "**Acquisition Agreement**" means the share exchange agreement dated June 8, 2018 between the Purchaser, Numberco, its subsidiary and the shareholders of Numberco in respect of the Additional Acquisition.
- (e) "**Applicable Laws**" with respect to any Person, any domestic (whether federal, state, territorial, state, 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 Entity 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.

- (f) **"Applicable Securities Laws"** means all applicable securities legislation in all jurisdictions relevant to sale of the Target Securities to the Purchaser or the issuance of the Payment Shares to the Vendors, as well as the rules and policies of the CSE.
- (g) **"Arrangement Agreement"** means the arrangement agreement to be entered into between the Purchaser and Mining Spinco in relation to the Spin-Off.
- (h) **"Authorization"** means, with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person, including any municipal or other approvals required to be granted before a Governmental Entity provides an authorization
- (i) **"Books and Records"** means all books of account, tax records, sales and purchase records, customer and supplier lists, computer software, formulae, business reports, plans and projections and all other documents, files, correspondence and other information of the Purchaser, the Target or the Target Subsidiary, as applicable, (whether in written, printed, electronic or computer printout form
- (j) **"Business"** means the business actively presently and previously carried on by the Target, indirectly through the Target Subsidiary, consisting of the pursuit of the Licenses and includes other inactive business activities in the Target.
- (k) **"Business Corporations Act"** means the *Business Corporations Act* (British Columbia) and regulations pursuant thereto, as amended from time to time.
- (l) **"Business Day"** means a day other than a Saturday, Sunday or statutory holiday in the Province of British Columbia.
- (m) **"Change of Control"** means the acquisition, directly or indirectly, of beneficial ownership of voting shares that results in a holding of more than 20% of the issued and outstanding voting shares of the Purchaser or each of the Target or the Target Subsidiary, as the case may be, by a third party.
- (n) **"Claim"** has the meaning set out in Section 11.3.
- (o) **"Closing"** means the completion of the Transaction pursuant to and in accordance with all of the terms and conditions of this Agreement.
- (p) **"Closing Date"** means the date which is five Business Days following the satisfaction or waiver of all of the conditions precedent set forth in this Agreement, or such other date as may be agreed to in writing by the Parties.
- (q) **"Closing Time"** means the time on the Closing Date specified in Section 8.1 hereof.

- (r) **“Consolidation”** means the consolidation of the Shares on a ten-old for one new basis to be completed prior to the Closing and the completion of the Financing.
- (s) **“Constating Documents”** means the certificate and articles of incorporation (as amended), statute, constitution, joint venture or partnership agreement, articles, notice of articles, bylaws or other constituting document of any Person other than an individual, each as from time to time amended or modified.
- (t) **“Contaminants”** means any pollutant, contaminant or waste of any nature or any other substance or material regulated by or pursuant to any Environmental Laws, including, without limitation, any hazardous waste, hazardous substance, hazardous material, toxic substance, dangerous substance, dangerous good, or deleterious substance, as defined, judicially interpreted or identified in or for the purposes of any Environmental Laws.
- (u) **“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.
- (v) **“Corporate Records”** means the corporate records of either the Purchaser, the Target or the Target Subsidiary, as applicable, including (i) all Constating Documents, (ii) all minutes of meetings and resolutions of shareholders and directors (and any committees), and (iii) the share certificate books, securities register, register of transfers and register of directors.
- (w) **“CSE”** means the Canadian Securities Exchange.
- (x) **“Cultivation License”** means the license excepted to be issued to the Target Subsidiary by Health Canada to produce cannabis under the ACMPR in relation to the License Application.
- (y) **“Direct Claim”** has the meaning set out in Section 11.3.
- (z) **“Disclosing Party”** shall have the meaning set forth in Section 9.1 of this Agreement.
- (aa) **“Distribution”** means (a) the declaration or payment of any dividend in cash, securities or property on or in respect of any class of shares of a Person or its subsidiaries; (b) the purchase, redemption or other retirement of any shares of a Person or its subsidiaries, directly or indirectly; or (c) any other distribution on or in respect of any class of shares of a Person or its subsidiaries;
- (bb) **“Employee”** means with respect to any Person, any current or former or retired employee, officer, manager, consultant or director of such Person.
- (cc) **“Employee Contract”** means any employment, severance, consulting or similar Contract between an Employee and any Person.
- (dd) **“Employee Plan”** means any plan, program, policy, practice, Contract or other

arrangement providing for bonuses, severance, termination pay, performance awards, share or share-related compensation, fringe benefits, health or welfare benefits, supplemental unemployment benefits, pensions, profit sharing, deferred compensation, incentive compensation, retirement benefits, salary continuation, medical or dental insurance, disability benefits or other employee benefits of any kind, whether formal or informal, funded or unfunded, and whether or not legally binding, pursuant to which any Person has or may have any material liability, contingent or otherwise.

- (ee) **“Encumbrance”** means any encumbrance, lien, charge, hypothecation, pledge, mortgage, security interest of any nature (registered or unregistered), claim, exception, reservation, restrictions, right or pre-emption, option, privilege or any agreement to create any of the foregoing, and includes a royalty, profit interest, security interest under applicable legislation, trust or deemed trust (whether contractual, statutory or otherwise) and any voting trust or pooling agreement or shareholder agreement with respect to securities.
- (ff) **“Environmental Approvals”** means all permits, certificates, licences, authorizations, consents, instructions, registrations, directions or approvals and the like issued or required by any applicable regulatory body pursuant to any Environmental Laws.
- (gg) **“Environmental Laws”** means, with respect to any Person or its business, activities, property, assets or undertaking, all applicable laws, including agreements with Governmental Entities, relating to pollution or employee and public health and safety, the environment (including air, surface water, ground water, land surface or otherwise) or wildlife, including laws relating to the release or threatened release of any Contaminants or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Contaminants.
- (hh) **“Financing”** means the financing to be completed by the Purchaser at or in connection with the Closing to raise gross proceeds of a minimum of \$2,000,000 and a maximum of \$6,000,000 through the sale of Units, or subscription receipts exchangeable into Units, at a price of \$0.30 per Unit, or subscription receipt, as the case may be, on a non-brokered basis with the assistance of the Vendors.
- (ii) **“Finder”** means Matthew McGill.
- (jj) **“Finder’s Fee Agreement”** means the finder’s fee agreement entered into by the Target with the Finder in relation to the Transaction, pursuant to which it is intended that the Finder will receive 200,000 post-Consolidation Shares.
- (kk) **“Former Shareholder”** means 1065703 B.C. Ltd., being former shareholder of the Target Subsidiary as the vendor pursuant to the Share Purchase Agreement.
- (ll) **“General Security Agreement”** means the general security agreement dated April 20, 2018 between the Target Subsidiary and the Former Shareholder pursuant to which the Target Subsidiary has granted a security interest in and to all of the Target Subsidiary’s present and after acquired personal property in favor of the Former Shareholder as security for, among other things, the Outstanding Payments.

- (mm) **“Governmental Entity”** means (i) any international, multinational, national, federal, provincial, state, municipal, local or other governmental or public department, tribunal, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any securities commission or stock exchange, and (iv) any arbitrator, arbitration tribunal or other tribunal or quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.
- (nn) **“Guarantee”** means the guarantee dated April 20, 2018 between the Target Subsidiary and the Former Shareholder pursuant to which the Target Subsidiary has agreed to guarantee the obligations of the Target to the Former Shareholder pursuant to the Share Purchase Agreement, including the Outstanding Payments.
- (oo) **“IFRS”** means the International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board, applied on a consistent basis with prior periods.
- (pp) **“Indemnified Party”** has the meaning set out in Section 11.3.
- (qq) **“Indemnifying Party”** has the meaning set out in Section 11.3.
- (rr) **“Information”** has the meaning set out in Section 9.1.
- (ss) **“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 Entity-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.

- (tt) **“Key Consultants”** means the senior person in charge, the responsible person in charge, any alternate responsible person in charge, as such terms are referenced in Section 32 of the ACMPR in relation to the License Applications.
- (uu) **“Lease”** means the commercial lease dated January 30, 2018 between the Target Subsidiary, as tenant, and Vladikovic Holdings Ltd., as landlord.
- (vv) **“License Application”** means collectively the applications by the Target Subsidiary under the ACMPR to produce and sell cannabis and includes any supporting or associated submissions of materials.
- (ww) **“Licenses”** means collectively, the Cultivation License and the Sales License.
- (xx) **“Listing Statement”** means the listing statement and/or information circular to be filed by the Purchaser with the CSE and applicable regulatory authorities under Applicable Securities Laws for approval in connection with the Transaction.
- (yy) **“Losses”** means all losses, damages, liabilities, deficiencies, costs and expenses (including, without limitation, all reasonable legal and other professional fees and disbursements, interest, penalties and amounts paid in settlement) arising out of or relating to any Claim but specifically excluding all loss of profits, punitive damages and consequential damages of all types and any amounts which would result in the duplication of indemnification for any Claim.
- (zz) **“Material Adverse Effect”** or **“Material Adverse Change”** means any change, effect, event, occurrence, condition or development that when considered either individually or in the aggregate is material and adverse to the business, operations, results of operations, capitalization assets, liabilities or financial condition of the Purchaser or the Target taken as a whole or their assets; except to the extent that the material adverse effect results from or is caused by (i) worldwide, national or local conditions or circumstances whether they are economic, political, regulatory or otherwise, including war, armed hostilities, acts of terrorism, emergencies, crises and natural disasters, (ii) changes in legal or regulatory conditions generally affecting the Business, 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 or the Purchaser, (iii) changes in the capital markets generally, (iv) the announcement of this Agreement and the transactions contemplated by it; and (v) any act or omission of a Party prior to the Closing Date taken with the prior consent or at the request of the other Parties.
- (aaa) **“Material Contracts”** means any Contract or other obligation or right (and all amendments, modifications and supplements thereto to which the Target Group is a party affecting the obligations of the Target Group thereunder) to which the Target Group is a party or by which any of their properties or assets are bound that are material to the Business, properties or assets of the Target Group, including, to the extent any of the following are material to the Business, properties or assets of the Target Group, all: (a) employment, severance, personal services, consulting, non-competition or indemnification Contracts (including any Contract to which the Target Group is a party involving Employees and particularly the Key Consultants), (b) Contracts granting a right

of first refusal or first negotiation, (c) partnership or joint venture Contracts, (d) Contracts for the acquisition, sale or lease of material properties or assets of the Target Group (by purchase or sale of assets, shares or otherwise), (e) Contracts with any Governmental Entities, (f) loan or credit Contracts, instruments evidencing indebtedness for borrowed money by the Target or any such Contract pursuant to which indebtedness for borrowed money may be incurred, (g) Contracts that purport to limit, curtail or restrict the ability of the Target Group to compete in any geographic area or line of business, (h) commitments or understandings to enter into any of the foregoing, and (i) all Contracts that provide for annual payments to or from the Target Group in excess of \$10,000 per annum.

- (bbb) **“Mineral Properties”** means all of the mineral exploration properties or interests therein held by the Purchaser as of the Closing Date, including, but not limited to the properties known as the Grand Falls property, the Glover Island property and the Little River property, all located in the province of Newfoundland and Labrador, and the Hong Kong claims, located in Ontario.
- (ccc) **“Mining Spinco”** means a wholly owned subsidiary of the Purchaser to be created for the purposes of completing the Spin-Off.
- (ddd) **“Numberco”** means 1151024 B.C. Ltd., a private company incorporated pursuant to the Business Corporations Act.
- (eee) **“Outstanding Payments”** has the meaning set forth in the Recitals.
- (fff) **“Parties”** means the Purchaser, the Vendor and the Target, and a **“Party”** means any of them.
- (ggg) **“Payment Shares”** means an aggregate of 40,000,000 fully paid and non-assessable post-Consolidation Shares to be issued to the Vendors as the consideration payable for the Target Shares and **“Payment Share”** means any one of them.
- (hhh) **“Person”** means a natural person, partnership, limited partnership, limited liability partnership, corporation, limited liability corporation, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity.
- (iii) **“Proceedings”** means any claims, actions, arbitration, audit, suits, judgments, litigation, proceedings or investigations (whether civil, criminal administrative, investigation or informal).
- (jjj) **“Property”** means the land and buildings located at 6169 Scott Road, Duncan British Columbia.
- (kkk) **“Public Record”** means the information filed by the Purchaser on SEDAR, with the required securities commissions, with the CSE and with the Registrar of Companies for British Columbia, as required in accordance with Applicable Laws, including Applicable Securities Laws, and which record contains all material facts (as that term is defined by Applicable Securities Laws) relating to the Purchaser.



- (lll) **"Pubco Shares"** has the meaning ascribed thereto in Section 2.4.
- (mmm) **"Purchase Price"** has the meaning set out in Section 2.2.
- (nnn) **"Purchaser"** has the meaning set forth in the Recitals.
- (ooo) **"Purchaser Financial Statements"** has the meaning set out in Section 3.12.
- (ppp) **"Receiving Party"** shall have the meaning set forth in Section 9.1 of this Agreement.
- (qqq) **"Representatives"** means in relation to a Party its respective officers, directors, employees, financial advisors, legal counsel, representatives or agents.
- (rrr) **"Sales License"** means the license expected to be issued to the Target Subsidiary by Health Canada, following the issuance of the Cultivation License, to sell cannabis under the ACMPR in relation to the License Application.
- (sss) **"Security Agreements"** means, collectively, the General Security Agreement, the Guarantee and the Share Pledge Agreement,
- (ttt) **"Share Pledge Agreement"** means the share pledge agreement dated April 20, 2018 between the Target and the Former Shareholder pursuant to which the Target has pledged the Target Subsidiary Shares in favor of the Former Shareholder as security for, among other things, the Outstanding Payments.
- (uuu) **"Share Purchase Agreement"** shall have the meaning set forth in the Recitals.
- (vvv) **"Shares"** means common shares without par value in the capital of the Purchaser.
- (www) **"Spin-Off"** means the disposition by the Purchaser of all of its existing mining assets and business plus \$1,000,000 in cash, including the Mineral Properties, to Mining Spinco pursuant to the Arrangement Agreement, which shall result in all of the holders of the Shares, including the Payment Shares and any Shares issuable in the Financing, receiving securities of Mining Spinco pro rata in accordance with their holdings of the Shares.
- (xxx) **"Target"** means 1157630 B.C. Ltd., a private company incorporated under the provisions of the Business Corporations Act.
- (yyy) **"Target Assets"** means the assets of the Target being cash and cash equivalents and the Target Subsidiary Shares and all of the assets of the Target Subsidiary necessary for the operation of the Business;
- (zzz) **"Target Group"** means collectively, the Target and the Target Subsidiary.
- (aaaa) **"Target Securities"** means any Target Shares and any other securities or other indebtedness of the Target convertible or exercisable into, or exchangeable for, Target Shares.
- (bbbb) **"Target Shares"** means fully paid and non-assessable common shares, without par value,

in the capital of the Target, and “Target Share” means any one of them.

- (cccc) **“Target Subsidiary”** means Go Green Medicinal Marijuana Ltd., a private company incorporated under the provisions of the Business Corporations Act and the holder of the License Applications.
- (dddd) **“Target Subsidiary Shares”** means all the issued and outstanding common shares in the capital of the Target Subsidiary, being all of the issued and outstanding securities of the Target Subsidiary.
- (eeee) **“Taxes”** includes any taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Entity, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping duties, all license, franchise and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions.
- (ffff) **“Tax Return(s)”** includes all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed by Applicable Laws in respect of Taxes.
- (gggg) **“Termination Date”** has the meaning set out in Section 13.1.
- (hhhh) **“Third Party”** has the meaning set out in Section 11.5.
- (iiii) **“Third Party Claim”** has the meaning set out in Section 11.3.
- (jjjj) **“Transaction”** means the sale of the Target Shares by the Vendors to the Purchaser as provided for in this Agreement and all other transactions contemplated by this Agreement.
- (kkkk) **“Unit”** means the units of the Purchaser to be issued pursuant to the Financing, with each Unit consisting of one post-Consolidation Shares and one half of one Warrant.
- (llll) **“Vendors”** means the holders of the Target Shares, as set out in Schedule “A”.
- (mmmm) **“Warrant”** means the share purchase warrants of the Purchaser that form part of the Units to be issued under the Financing, with each whole Warrant entitling the holder thereof to acquire one additional post-Consolidation Shares at an exercise price of \$0.50 per Share exercisable for a period of 12 months following the Closing Date.

## 1.2 Schedules

The following are the Schedules to this Agreement, which Schedules form an integral part of this Agreement:

Schedule "A" - the Vendors and the Target Shares

## 1.3 Interpretation

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

- (a) "this Agreement" means this agreement, including the Schedules hereto, and any further agreement, document or instrument entered into, made or delivered pursuant to the terms hereof 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 Shares from the Vendors (all of which will be in form and content reasonably satisfactory to each Party) pursuant to the requirements of Applicable Laws, or by any other Governmental Entity having jurisdiction, in order to carry out the terms and objectives of this Agreement, including, without limitation, those required under the ACMPR, as any of them may from time to time be supplemented or amended and in effect.
- (b) All references in this Agreement to a designated "Article", "Section", "subsection" or other subdivision or to a schedule are to the designated Article, Section, subsection or other subdivision of, or schedule to, this Agreement unless otherwise specified.
- (c) 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, subsection or other subdivision or Schedule.
- (d) The headings in this Agreement are for convenience 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.
- (e) 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).
- (f) All accounting terms not otherwise defined have the meanings assigned to them in accordance with IFRS, applied on a consistent basis with prior periods.
- (g) All references to currency refer to lawful money of Canada (unless expressed to be in some other currency) and all amounts to be calculated or paid pursuant to this Agreement are to be calculated in lawful money of Canada.
- (h) Any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity.
- (i) Words importing the masculine gender include the feminine or neuter gender and words in the singular include the plural and vice versa.

- (j) 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.
- (k) Except as otherwise provided in this Agreement, if any representation, warranty, covenant or agreement herein is made by two or more persons, or is made by a party hereto that is comprised of two or more persons, the representation, warranty, covenant or agreement shall be the several, and not joint, representation, warranty, covenant or agreement of all such persons.
- (l) Any action to be taken pursuant to this Agreement on a day which is not a Business Day shall be taken on the next succeeding Business Day.
- (m) whenever in this Agreement a representation and warranty is qualified by the statement "to the best knowledge" of a Party or any similar statement, that statement shall mean to the best knowledge of the Party's directors and officers after having made due and reasonable enquiries and investigations and shall mean the knowledge of the Party based on receipt of written notice addressed to the Party or the actual knowledge of any of the Party's directors and senior officers.

#### **1.4 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein which shall be deemed to be the proper law hereof. The courts of the Province of British Columbia and all appellate courts shall have jurisdiction to entertain and determine all disputes and claims, whether for specific performance, injunction, declaration or otherwise both at law and in equity, arising out of or in any way connected with the construction, breach, or alleged, threatened or anticipated breach of this Agreement, and shall have jurisdiction to hear and determine all questions as to the validity, existence or enforceability thereof.

### **ARTICLE 2 - PURCHASE AND SALE OF TARGET SHARES**

#### **2.1 Purchase of Target Shares**

Based upon the representations and warranties of the Parties set forth herein, and subject to the terms and conditions of this Agreement, the Purchaser agrees to purchase from the Vendor and the Vendor agrees to sell to the Purchaser, free and clear of all Encumbrances, at the Closing Time, the Target Shares, together with all rights now or hereafter attached to or accruing in respect of such Target Shares including all Distributions declared, paid or made in respect of them on or after the Closing Date.

#### **2.2 Purchase Price**

The aggregate purchase price payable by the Purchaser to the Vendor for the purchase and sale of the Target Shares shall be equal to twelve million dollars (\$12,000,000) (the "**Purchase Price**").

### **2.3 Payment of Purchase Price**

The Purchase Price shall be paid at the Closing Time through the allotment and issuance to the Vendors of an aggregate of 40,000,000 Payment Shares at a deemed price of \$0.30 per Payment Share, which Shares, the Vendors agree to accept in complete satisfaction of the Purchase Price. The Payment Shares shall be distributed to the Vendors in proportion with the percentage of the Target Shares held by them as set out in Schedule "A" hereto.

### **2.4 Issuance to Former Shareholder**

On the Closing Date, the Purchaser will, in accordance with the Share Purchase Agreement, issue to the Former Shareholder such number of Shares as shall equal in aggregate value \$1,000,000 (the "**Pubco Shares**"), with the value of the Shares issuable to be determined in accordance with Section 2.5 of the Share Purchase Agreement. For additional clarity, the number of Pubco Shares anticipated to be issued to the Former Shareholder having regard for the Financing would be 3,333,333 Pubco Shares, each such Pubco Share having a deemed value of \$0.30 per Pubco Share.

## **ARTICLE 3 -REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

To induce each of the Vendors and the Target Group to enter into and to complete the transactions contemplated by this Agreement, the Purchaser represents and warrants to each of the Vendors and the Target Group, as warranties and representations that are true at the date of this Agreement and the Closing Time as if such warranties and representations were made at such time, the following:

### **3.1 Corporate Status and Existence**

The Purchaser is a corporation duly incorporated and validly existing under the Business Corporations Act and is in good standing and not in default with respect to the filings required under the Applicable Securities Laws and the Business Corporations Act. The Purchaser is extra-provincially registered in the Provinces of Ontario, Nova Scotia and Newfoundland and Labrador and is in good standing and not in default with respect to the filings required to maintain such extra-provincial registration. The Purchaser does not carry on business in any other jurisdiction other than the provinces of British Columbia, Nova Scotia, Ontario and Newfoundland and Labrador, does not own or lease any assets in any jurisdiction other than the provinces of British Columbia, Nova Scotia, Ontario and Newfoundland and Labrador and is not required to be licensed or registered in any jurisdiction other than the Provinces of British Columbia, Nova Scotia, Ontario and Newfoundland and Labrador.

### **3.2 Corporate Power and Authority**

The Purchaser has all requisite corporate power and capacity to carry on the business carried on by it and to own and lease its property and assets. The Purchaser has all requisite corporate power and authority to execute and deliver and to perform its obligations under this Agreement. The execution, delivery and performance of this Agreement and the performance of the transactions contemplated herein are within the corporate power and authority of the Purchaser and have been authorized by all necessary corporate action of the Purchaser, and no other corporate proceedings or approvals on the part of the Purchaser or its shareholders are necessary to

authorize this Agreement, provided however that the CSE may require the approval of the Purchaser's shareholders for the Transaction and the Spin-Off will, pursuant to the Business Corporations Act, will require the approval from the Purchaser's shareholders. This Agreement, and any other agreement contemplated by this Agreement, constitutes a legal, valid and binding obligation of the Purchaser enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors and the general principles of equity.

### **3.3 Subsidiaries**

The Purchaser has no subsidiaries, but will incorporate the Mining Spinco for the purposes of completing the Spin-Off.

### **3.4 Capital**

The authorized capital of the Purchaser consists of an unlimited number of common shares without par value of which 37,123,011 Shares are issued and outstanding as of the date of this Agreement, all of which have been duly and validly issued and are fully paid and non-assessable shares and in compliance with all Applicable Securities Laws and the Business Corporations Act. To the knowledge of the Purchaser, there are no shareholders' agreements, pooling agreements, voting trusts nor other agreements or understandings with respect to the voting of all or any Shares.

### **3.5 No Options**

Except as disclosed in the Public Record relating to stock options, convertible notes and share purchase warrants previously issued or as contemplated pursuant to this Agreement, the Financing, the Spin-Off or the Additional Acquisition, no person has any right, agreement, warrant, option or commitment, present or future, contingent or absolute, or anything capable of becoming a right, agreement or option with the passage of time or the occurrence of any event or otherwise:

- (a) to require the Purchaser to issue any further or other shares or any other security or other instrument convertible or exchangeable into shares or to convert or exchange any security or other instrument into or for shares of the Purchaser
- (b) for the issue or allotment of any of the unissued authorized shares of the Purchaser; or
- (c) to require the Purchaser to purchase, redeem or otherwise acquire any of the issued and outstanding shares of the Purchaser.

### **3.6 Dividends and Distributions**

No Distributions of any kind whatsoever on any shares in the capital of the Purchaser have been made, declared or authorized.

### **3.7 Listed Company**

The Shares in the capital of the Purchaser are listed for trading on the CSE and no other stock exchange. The Purchaser is a reporting issuer in the provinces of British Columbia, Alberta and Ontario, and is not in breach or default of any Applicable Securities Laws or of any of the rules and policies of the CSE or the rules and policies of any other applicable Governmental Entity. Upon completion of the Transaction and the Closing, and assuming all other conditions of the CSE are met, the Purchaser intends that the Shares will remain listed for trading on the CSE and no other stock exchange.

### **3.8 No Authorization Required**

Except for the consent of the CSE, no Authorization of any Governmental Entity, and no registration with, declaration or notice to or filing by with any such Governmental Entity, is required in order for the Purchaser to incur the obligations expressed to be incurred by the Purchaser in or pursuant to this Agreement, to execute and deliver all other documents and instruments to be delivered by the Purchaser pursuant to this Agreement, to perform and observe the terms and provisions of this Agreement, and to render this Agreement a legal, valid and binding obligation of, and enforceable against, the Purchaser, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors and the general principles of equity.

### **3.9 No Breach**

Neither of the execution and delivery of this Agreement, the completion of the transactions contemplated hereby, nor the observance and performance by the Purchaser of its covenants and obligations herein, will:

- (a) conflict with or result in a breach or violation of any of the terms or provisions of the Constatting Documents of the Purchaser or any resolutions of the directors (or any committee thereof) or shareholders of the Purchaser which are in effect as at the date hereof;
- (b) conflict with, result in a breach or cancellation of, or create a state of facts, which after notice or lapse of time or both with result in a breach or violation of, constitute a default under, invalidate or impair rights to properties under, or accelerate or permit the acceleration of the performance required by, any agreement, mortgage, indenture, note, instrument, license, lease, contract, order, consent, approval, permit or authority or other document to which the Purchaser is a party or by which it is bound or to which any property of the Purchaser is subject, which breach would be material to the Purchaser, or result in the creation of any Encumbrance upon any of the assets of the Purchaser under any such agreement, mortgage, indenture, note, instrument, license, lease, contract, order, consent, approval, permit or authority or other document, or give to others any material interest or rights, including rights of purchase, termination, cancellation or acceleration, under any such agreement, mortgage, indenture, note, instrument, license, lease, contract, order, consent, approval, permit or authority or other document or impose any material restrictions on the ability of the Purchaser to carry on any business or to acquire or dispose of any assets or borrow or mortgage and pledge its property; or

- (c) violate any Applicable Laws, including Applicable Securities Laws, or any judicial or administrative order, award, judgment or decree applicable to the Purchaser, which violation would be material to the Purchaser.

### 3.10 Corporate Records

The Corporate Records of the Purchaser, as required to be maintained by it pursuant to the Business Corporations Act, are accurate, complete and up to date in all material respects and all corporate proceedings and actions reflected in such corporate records have been conducted or taken in compliance with the Business Corporations Act, all Applicable Laws and with the Constatng Documents of the Purchaser, and are maintained at the records office of the Purchaser.

### 3.11 No Material Adverse Change

Except as disclosed in the Public Record, there has been no Material Adverse Change in the business, prospects, operations, results of operations, assets, capitalization or condition, financial or otherwise, of the Purchaser from that shown in the financial statements referred to in subsection 3.12 and the Purchaser has not experienced, nor is it aware of any occurrence or event which has, or might reasonably be expected to have, a Material Adverse Effect on the business, prospects, operations, results of operations, assets, capitalization or condition (financial or otherwise) which would constitute a Materially Adverse Change in the Purchaser.

### 3.12 Financial Statements and Condition

- (a) The financial statements of the Purchaser contained in the Public Record (the “**Purchaser Financial Statements**”) have been prepared in accordance with IFRS consistently applied, are true and correct in every material respect and present fairly and accurately the financial position and results of the operations of the Purchaser as at the date and for the periods reported upon;
- (b) The Books and Records of the Purchaser disclose all material financial transactions of the Purchaser, and such transactions have been fairly and accurately recorded;
- (c) There are no known or anticipated material liabilities or any kind whatsoever (including absolute, accrued or contingent liabilities) nor any commitments, whether or not determined or determinable, of the Purchaser, whether direct, indirect, absolute, contingent or otherwise, which are not disclosed or reflected in the Purchaser Financial Statements except for:
  - (i) those incurred in the ordinary course of business of the Purchaser since November 30, 2017, and such liabilities are recorded in the Books and Records of the Purchaser; and
  - (ii) those incurred in relation to the transactions contemplated by this Agreement, including in relation to the Financing, the Additional Acquisition or the Spin-Off;
- (d) Except as disclosed in the Public Record, the Purchaser has not granted any Encumbrance over its assets or in any particular asset;



- (e) Except as disclosed in the Public Record, the Purchaser is not a party to any contract or agreement with any officer, director, employee, shareholder or any other Person with whom the Purchaser is not dealing at arm's length (within the meaning of the *Income Tax Act* (Canada), nor any Affiliate of any of the foregoing, with the exception of usual compensation paid in the ordinary course of business consistent with past practice;
- (f) Except as disclosed in the Public Record, there are no debts or amounts owing to the Purchaser by, nor has the Purchaser borrowed any monies from any of its officers, former officers, directors, former directors, shareholders, employees or former employees or any family member thereof, or any person with whom the Purchaser does not deal at arm's length except for any amounts advanced to such persons for expenses incurred on behalf of the Purchaser in the ordinary course.
- (g) The Purchaser has not guaranteed or agreed to guarantee any debt, liability or other obligation of any kind whatsoever of any Person; and
- (h) The accounts receivable of the Purchaser are bona fide, good and collectible without set-off or counterclaim.

### **3.13 Absence of Changes**

Since November 30, 2017, the Purchaser has not (except as contemplated herein or as disclosed in the Public Record), other than in accordance with the terms and conditions of this Agreement or in relation to the Consolidation, the Additional Acquisition, the Spin-Off or the Financing:

- (a) issued, sold, pledged, hypothecated, leased, disposed of, encumbered or agreed to issue, sell, pledge, hypothecate, lease, dispose of or encumber any shares or other securities or any right, option or warrant with respect thereto;
- (b) amended or proposed to amend its Constatting Documents;
- (c) split, combined or reclassified any of its securities or declared or made any Distribution;
- (d) entered into or amended any employment or services contract with any director, officer or senior management employee, created or amended any employee benefit plan, or made any changes or increases in the base compensation, bonuses, management fees, paid vacation time allowed or fringe benefits for its directors, officers, employees or consultants, other than in the ordinary course of business;
- (e) suffered any damage, destruction or loss (whether or not covered by insurance) affecting the Purchaser's business or assets;
- (f) made any capital expenditures, additions or improvements or commitments for the same which individually or in the aggregate exceeds ten thousand dollars (\$10,000);
- (g) made any loans or advances to any Person;

- (h) waived or surrendered any right of any kind whatsoever of material value;
- (i) acquired or agreed to acquire (by tender offer, exchange offer, merger, amalgamation, acquisition of shares or assets or otherwise) any Person, or other business organization or division or acquired or agreed to acquire any material assets of the Purchaser;
- (j) entered into, amended or terminated any material contracts, leases, licenses transactions, commitments or agreements concerning its operations;
- (k) entered into any agreement resulting in a Change of Control of the Purchaser, other than this Agreement;
- (l) created or amended any stock option plan, bonus or other compensation plan;
- (m) entered into any related party transaction;
- (n) settled any outstanding Proceeding;
- (o) made any material change in accounting procedures or practices;
- (p) discharged, satisfied or paid any Encumbrances of any kind whatsoever or obligation or liability of any kind whatsoever other than current liabilities in the ordinary course of its business; or
- (q) entered into any agreement or understanding to do any of the foregoing.

### **3.14 Leases and Property**

The Purchaser is not a party to, or under any agreement to become a party to, any lease with respect to real property. The Purchaser does not own any real property.

### **3.15 Title to Assets**

The Purchaser owns (with good and marketable title) all of the properties and assets (whether real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the Purchaser in its Books and Records and the Purchaser Financial Statements. The Purchaser has legal and beneficial ownership of its assets free and clear of all Encumbrances, including any agreements which would have a Material Adverse Effect on such properties or assets, except as disclosed in the Purchaser Financial Statements or the Public Record.

### **3.16 No Options to Purchase Assets**

Other than as contemplated by the Spin-Off, there are no written or oral agreements, options, understandings or commitments, or any right or privilege capable of becoming such for the purchase or other acquisition from the Purchaser of any of its assets, other than assets which are obsolete or inventory to be sold in the ordinary course.

### **3.17 License and Permits**

The Purchaser has all licenses, permits, consents, concessions and other authorizations of Governmental Entities, required to own and lease its properties and assets and to conduct its business as now conducted, except where the failure to hold the foregoing would not have a Material Adverse Effect on the Purchaser. Other than those required in the ordinary course of business and receipt of conditional approval of the Transaction from the CSE, no registrations, filings, applications, notices, transfers, consents, approvals, audits, qualifications, waivers or other action of any kind is required by virtue of the execution and delivery of this Agreement, or of the consummation of the Transaction: (a) to avoid the loss of any material license, permit, consent, concession or other authorization or any material asset, property or right pursuant to the terms thereof, or the violation or breach of any law applicable thereto, or (b) to enable the Purchaser to hold and enjoy the same immediately after the Closing Date in the conduct of its business as conducted prior to the Closing Date.

### **3.18 Employees**

The Purchaser has no Employees, other than its directors and officers and there are no Employment Contracts, including any Contracts providing for a payment relating to a Change in Control or other events in respect of the Purchaser, except as disclosed in the Public Record. The Purchaser has no Employee Plans in place, other than its stock option plan.

### **3.19 Insurance**

The Purchaser maintains no insurance policies.

### **3.20 Intellectual Property**

The Purchaser does not hold any Intellectual Property and to the best of its knowledge, its operations and business does not infringe upon, misappropriate or conflict in any way with any Intellectual Property owned or held by any other Person.

### **3.21 Litigation**

To the knowledge of the Purchaser, there are no Proceedings contemplated or threatened against or affecting the Purchaser, at law or in equity or before or by any Governmental Entity which would prevent or hinder the consummation of this Agreement or which have resulted in, involve the possibility of or could involve the possibility of any judgment or liability which can reasonably be expected to have a Material Adverse Effect on the business or condition, financial or otherwise of the Purchaser, and to the best of each of the Purchaser's knowledge, there is existing ground on which any such Proceeding might be commenced with any reasonable likelihood of success. The Purchaser is not subject to any outstanding order, writ, injunction or decree.

### **3.22 Material Contracts**

Except for this Agreement or as disclosed in the Public Record, the Purchaser does not have any material Contracts and each material Contract between the Purchaser and any other person is in

full force and effect and, to the knowledge of the Purchaser, is valid, binding and enforceable against each of the parties thereto in accordance with its terms, subject however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought, and no material breach or default exists in respect thereof on the part of any party thereto and no event has occurred which, with the giving of notice or lapse of time or both, would constitute such a material breach or default. The Purchaser will enter into the Additional Acquisition Agreement and the Arrangement Agreement prior to the Closing Date.

### **3.23 Tax Returns**

The Purchaser has duly filed or has caused to be filed within the times and in the manner prescribed under all Applicable Laws, all federal, provincial, state, territorial, local and foreign Tax Returns required to be filed by the Purchaser and those Tax Returns were true, complete and correct in all material respects and reflect accurately all liabilities for Taxes for the period(s) covered thereby and that no material fact has been omitted therefrom. The Purchaser has paid, collected, withheld and remitted, or caused to be paid, collected, withheld and remitted to the appropriate Governmental Entity, all Taxes that are due and payable, collectible or remittable by it including any such amounts payable, collectible or remittable by it in connection with amounts paid or credited to any present or former employee, on or before the date of this Agreement. No extension of time in which to file any Tax Returns is in effect. No Encumbrance for Taxes has been filed or exists other than for Taxes not yet due and payable. The Purchaser has not received any notice of any tax deficiency outstanding, proposed or assessed, and there are no statutory charges or liens upon, pending against or, to the knowledge of the Purchaser, following diligent inquiry, threatened against the Purchaser or any of its assets arising pursuant to any applicable laws.

### **3.24 Insolvency**

The Purchaser is not insolvent nor has it committed an act of bankruptcy, proposed a compromise or arrangement to its creditors generally, had any petition for the granting of a receiving order in bankruptcy filed against it, made a voluntary assignment into bankruptcy or taken any proceeding to have itself dissolved, wound-up or declared bankrupt or to have a receiver appointed in respect of all or any portion of its assets or commenced proceedings for any amalgamation, continuation or other corporate reorganization, other than as may be contemplated by the Spin-Off, nor are any such proceedings pending.

### **3.25 No Finder's Fee**

No person or corporation is entitled to a finder's fee or other form of compensation from the Purchaser with respect to this Agreement and the consummation of the Transaction, other than pursuant to the Finder's Fee Agreement.

### **3.26 No Limitations**

There is no non-competition, exclusivity or other similar agreement, commitment or understanding in place, whether written or oral, to which the Purchaser is a party or is otherwise bound that would now or hereafter, in any way limit the business of the Purchaser, the use of its

assets or its operations;

### **3.27 Compliance with Laws**

To the knowledge of the Purchaser, the Purchaser is in compliance, in all material respects with all Applicable Laws, including Applicable Securities Laws, and any applicable judgment, decree, writ, injunction, directive, decision or order of any Governmental Entity or otherwise and the Purchaser has not received notice from any Governmental Entity that it is not in compliance with any such Applicable Laws or applicable judgments, decrees, writs, injunctions, directives, decisions or orders, except where such failure to comply would not have a Material Adverse Effect on the Purchaser.

### **3.28 Payment Shares**

The Payment Shares and the Pubco Shares, when issued on Closing, shall be fully paid, validly issued and free and clear of all Encumbrances, except for such escrow and resale restrictions imposed by the CSE and Applicable Securities Laws or as otherwise contemplated by this Agreement.

### **3.29 No Untrue Statements**

None of the representations, warranties or statements of fact made in this Article 3 contains any untrue statement of a material fact or omit to state any material fact necessary to make any such warranty or representation not misleading.

### **3.30 Survival**

The representations and warranties of the Purchaser contained in this Agreement shall survive the Closing and the purchase of the Target Shares and, notwithstanding any investigations or enquiries made by the Vendors or the Target Group prior to the Closing and notwithstanding the waiver of any condition by the Vendors or the Target Group, the representations, warranties, covenants and agreements of the Purchaser, shall (except where otherwise specifically provided in this Agreement) survive the Closing and shall continue in full force and effect for a period of 12 months from the Closing Date for all matters.

### **3.31 Reliance**

The Purchaser acknowledges and agrees that the Vendors and the Target Group have entered into this Agreement relying on the warranties and representations and other terms and conditions of this Agreement notwithstanding any independent searches or investigations that may be undertaken by or on behalf of the Vendors or the Target Group and that no information that is now known or should be known or that may hereafter become known to the Vendors or the Target Group or their Representatives, as the case may be, shall limit or extinguish any rights or remedies of the Vendors or the Target Group to the right to indemnification hereunder.

## **ARTICLE 4 -REPRESENTATIONS AND WARRANTIES OF THE VENDORS**

To induce the Purchaser to enter into and to complete the transactions contemplated by this Agreement, each of the Vendors individually and severally represents and warrants to the

Purchaser, as warranties and representations that are true at the date of this Agreement and the Closing Time as if such warranties and representations were made at such time, that:

#### **4.1 Valid and Binding**

This Agreement, and any other agreement contemplated by this Agreement, constitutes a legal, valid and binding obligation of each of the Vendors enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors and the general principles of equity.

#### **4.2 Authority to Sell**

Each of the Vendors has due and sufficient right and authority to enter into this Agreement on the terms and conditions herein set forth and each of the Vendors have sufficient right and authority to transfer all the legal and beneficial title to and ownership of the Target Shares to the Purchaser, free and clear of any Encumbrances or other agreement, limitation or restriction of any nature.

#### **4.3 Capacity**

In the case of a Vendor that is an individual, he or she is of legal age and is legally competent to enter into and perform his or her obligations under this Agreement.

#### **4.4 Corporate Authority**

In the case of any Vendor who is not an individual, such Vendor has the corporate power and authority to own or hold its Target Shares and to execute and deliver and perform its obligations and consummate the transactions contemplated by this Agreement.

#### **4.5 Holdings**

At the Closing Time, the Target Shares will be validly issued and outstanding as fully paid and non-assessable common shares of the Target and the number of Target Shares held by each of the Vendors and to be sold to the Purchaser at the Closing is as set forth on Schedule "A" hereto.

#### **4.6 Title to Securities**

Each of the Vendors is the sole registered, legal and beneficial owner of all of the Target Shares as indicated on Schedule "A" hereto with good and marketable title thereto and such Target Shares are free and clear of any Encumbrances, and, except for the Purchaser's rights pursuant to this Agreement, there are no agreements, warrants, options, calls, rights of conversion, rights of pre-emption or similar rights or other rights pursuant to which any of the Vendors is or may become obligated to sell, transfer or assign any shares or other securities of the Target to any person other than the Purchaser.

#### **4.7 No Material Adverse Claims**

There are no material adverse claims or challenges of any kind whatsoever, including without limitation claims or challenges by third parties, against or to the ownership of, or title to, the

Target Shares, nor is there any basis therefore, that if determined adversely, would have a Material Adverse Effect on the ownership or use thereof.

#### **4.8 No Breach**

The execution and delivery of this Agreement, the sale of the Target Shares and the performance of the obligations of the Vendors under this Agreement will not violate, constitute a default under, conflict with, or give rise to any requirement for a waiver or consent under:

- (a) any provision of Law or any order of any court or other Government Authority or agency applicable to such Vendor;
- (b) the Constating Documents of any Vendor that is not an individual;
- (c) any provision of any agreement, instrument or other obligation to which such Vendor is a party or by which such Vendor is bound; or
- (d) any applicable judgment, writ, decree, order, law, statute, rule or regulation applicable to such Vendor,

except where such default or the failure to obtain such waiver or consent would not have a Material Adverse Effect on the Transaction.

#### **4.9 Residency**

The Vendors are each acquiring their Payment Shares as principal and not as agent and are each acquiring the Payment Shares for investment purposes only and not with a view to resale or distribution. Each Vendor is a resident of the jurisdiction indicated in Schedule A hereto.

#### **4.10 Resale Restrictions**

The Vendors acknowledge and agrees that the Payment Shares may be subject to resale restrictions as well as escrow restrictions under Applicable Securities Laws or the rules and policies of the Exchange. Each Vendor agrees to comply with all such restrictions as may be applicable and further agrees to enter into the requisite form of escrow agreement in a form substantially similar to that set forth in NP-46201F1 to National Policy 46-201 Escrow for Initial Public Offerings. Each Vendor also acknowledges that the certificates for the Payment Shares will bear a legend or legends respecting restrictions on transfers as required under Applicable Securities Laws and that such Vendor has been advised to consult its own legal advisor with respect to applicable resale restrictions and that it is solely responsible for complying with such restrictions. Each Vendor further acknowledges and agrees:

- (a) The Purchaser has advised each Vendor that the Purchaser, in issuing the Payment Shares, is relying on an exemption from the requirements to provide each Vendor with a prospectus and to sell securities through a person registered to sell securities under the Applicable Securities Laws (the "**Exemptions**");
- (b) as a consequence of acquiring the Payment Shares pursuant to the Exemptions:

- (i) a Vendor is restricted from using certain of the civil remedies available under the Applicable Laws;
  - (ii) a Vendor may not receive information that might otherwise be required to be provided to the Vendors, and the Purchaser is relieved from certain obligations that would otherwise apply under the Applicable Securities Laws if the Exemptions were not being relied upon by the Purchaser; and
  - (iii) certain protections, rights and remedies provided by Applicable Securities Laws including statutory rights of rescission or damages, will not be available to the Vendors;
- (c) there is no government or other insurance covering the Payment Shares;
  - (d) there are risks associated with the acquisition of the Payment Shares;
  - (e) there are restrictions on a Vendor's ability to resell the Payment Shares and it is the responsibility of each such Vendor to find out what those restrictions are and to comply with them before selling the Payment Shares; and
  - (f) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Payment Shares.

#### **4.11 Independent Legal and Financial Advice**

The Vendor has had independent legal advice regarding the execution of this Agreement and has been advised of its rights to obtain independent legal and financial advice prior to entering into this Agreement, and if in fact it has not obtained independent legal advice, the Vendor represents and acknowledges that it understands the contents of this Agreement and that it is executing same voluntarily and without pressure from the other Parties or anyone on their behalf and that the legal counsel for the Purchaser acts solely for the Purchaser and does not act for any of the Vendors in any capacity.

#### **4.12 Individual Representations**

The Parties acknowledge and agree that each Vendor makes these representations and warranties individually on behalf of such Vendor alone and not as to the truth and accuracy of the representations and warranties of other Vendors or the Vendors as an aggregate group and to the extent each Vendor's representations and warranties relate to the Target Shares, they only relate to those the Target Shares owned by such Vendor.

#### **4.13 Survival**

The representations and warranties of the Vendors contained in this Agreement shall survive the Closing and, notwithstanding any investigations or enquiries made by the Purchaser prior to the Closing and notwithstanding the waiver of any condition by the Purchaser, the representations, warranties, covenants and agreements of the Vendors, shall (except where otherwise specifically provided in this Agreement) survive the Closing and shall continue in full force and effect for a



period of 12 months from the Closing Date for all matters.

#### **4.14 Reliance**

The Vendors acknowledge and agree that the Purchaser has entered into this Agreement relying on the warranties and representations and other terms and conditions of this Agreement notwithstanding any independent searches or investigations that may be undertaken by or on behalf of the Purchaser and that no information that is now known or should be known or that may hereafter become known to the Purchaser or its Representatives, as the case may be shall limit or extinguish any rights or remedies of the Purchaser to the right to indemnification hereunder.

### **ARTICLE 5 - REPRESENTATIONS AND WARRANTIES OF THE TARGET GROUP**

To induce the Purchaser to enter into and to complete the purchase of the Target as contemplated by this Agreement, each of the Vendors and the Target Group, individually and severally, represent, and warrant, to the Purchaser, as warranties and representations that are true as at the date of this Agreement and as at the Closing Time as if such warranties and representations were made at such time, that:

#### **5.1 Corporate Status and Existence**

Each of the Target and the Target Subsidiary:

- (a) is a company duly incorporated and validly existing under Business Corporations Act;
- (b) is in good standing and not in default with respect to the filings required under the Applicable Laws, including Applicable Securities Laws;
- (c) does not carry on business in any jurisdiction other than British Columbia and does not own or lease any assets in any jurisdiction other than British Columbia; and
- (d) is not required to be licensed or registered in any jurisdiction other than British Columbia.

#### **5.2 Corporate Power and Authority**

Each of the Target and the Target Subsidiary:

- (a) has all requisite corporate power and capacity to carry on the Business as now carried on by it and to own and lease its property and assets, and to perform all of its obligations under any applicable Contracts; and
- (b) has all requisite corporate power and authority to execute and deliver and to perform its obligations under this Agreement.

The execution, delivery and performance of this Agreement and the performance of the transactions contemplated herein are within the corporate power and authority of each of the Target and the Target Subsidiary and has been authorized by all necessary corporate action of the Target and the Target Subsidiary, and no other corporate proceedings or approvals on the part of

each of the Target, the Target Subsidiary or their shareholders are necessary to authorize this Agreement. This Agreement, and any other agreement contemplated by this Agreement, constitutes a legal, valid and binding obligation of the Target and the Target Subsidiary enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors and the general principles of equity

### **5.3 Business of the Target**

The Target was incorporated solely for the purposes of acquiring the Target Subsidiary and has no assets other than cash and cash equivalents, the Target Subsidiary Shares and this Agreement and has no active business operations.

### **5.4 Subsidiaries**

The Target Subsidiary is wholly owned by the Target. The Target has no other subsidiaries.

### **5.5 Capital**

- (a) The authorized capital of the Target is an unlimited number of Target Shares, of which 10,000,000 Target Shares are currently outstanding. Other than the foregoing, there are no securities of the Target outstanding.
- (b) All of the issued and outstanding Target Shares are owned of record and beneficially by the Vendor free and clear of all Encumbrances.
- (c) The authorized capital of the Target Subsidiary consists of an unlimited number of Target Subsidiary Shares of which 100 Target Subsidiary Shares are currently outstanding and held by the Target. In accordance with the Share Pledge Agreement, the Target has pledged the Target Subsidiary Shares to the Former Shareholder as security for the Outstanding Payments, including the issuance of the Pubco Shares.
- (d) Other than the Share Pledge Agreement, the Share Purchase Agreement, the Finders Fee Agreement or this Agreement, there are no options, warrants, conversion privileges or other rights, shareholder rights plans, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring, or which may require, the issuance, sale or transfer by the Target or the Target Subsidiary of any Target Shares or Target Subsidiary Shares, as applicable, or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any Target Securities or securities or the Target Subsidiary.
- (e) All outstanding Target Shares and Target Subsidiary Shares have been duly authorized and validly issued, and are fully paid and non-assessable and have not been issued in violation of any pre-emptive rights.
- (f) All Target Shares and Target Subsidiary Shares have been issued in compliance with all Applicable Laws.

- (g) There are no outstanding contractual or other obligations of the Target or the Target Subsidiary, as applicable to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any of its outstanding securities. There are no outstanding bonds, debentures or other evidences of indebtedness of the Target or the Target Subsidiary having the right to vote with the shareholders of the Target or the Target Subsidiary, as applicable, on any matters.

## **5.6 Dividends and Distributions**

No Distributions of any kind whatsoever on any shares in the capital of the Target or the Target Subsidiary have been made, declared or authorized.

## **5.7 Reporting Issuer Status**

Neither the Target nor the Target Subsidiary is a reporting issuer or any similar designation in any jurisdiction and its common shares are not listed or quoted on any stock exchange or trading facility. Neither the Target nor the Target Subsidiary is subject to any regulatory decision or order prohibiting or restricting trading in its shares. Neither the Target nor the Target Subsidiary is offering, nor has it offered, any Target Securities or securities of the Target Subsidiary, as applicable, to the public within the meaning of Applicable Securities Laws. There is no published market in respect of the Target Securities or the Target Subsidiary Shares in any jurisdiction.

## **5.8 No Authorization Required.**

No Authorization of any Governmental Entity, and no registration with, declaration or notice to or filing by with any Governmental Entity, is required in order for either of the Target or the Target Subsidiary to incur the obligations expressed to be incurred by the Target or the Target Subsidiary in or pursuant to this Agreement, to execute and deliver all other documents and instruments to be delivered by the Target or the Target Subsidiary pursuant to this Agreement, to perform and observe the terms and provisions of this Agreement, and to render this Agreement a legal, valid and binding obligation of, and enforceable against the Target and Target Subsidiary, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors and the general principles of equity.

## **5.9 No Breach**

Neither of the execution and delivery of this Agreement, the completion of the transactions contemplated hereby, nor the observance and performance by either of the Target or the Target Subsidiary of its covenants and obligations herein, will:

- (a) conflict with or result in a breach or violation of any of the terms or provisions of the Constatng Documents of the Target or the Target Subsidiary or any resolutions of the directors (or any committee thereof) or shareholders of the Target or the Target Subsidiary which are in effect as at the date hereof;
- (b) conflict with, result in a breach or cancellation of, or create a state of facts, which after notice or lapse of time or both with result in a breach or violation of, constitute a default under, invalidate or impair rights to properties under, or accelerate or permit the

acceleration of the performance required by, any agreement, mortgage, indenture, note, instrument, license, lease, contract, order, consent, approval, permit or authority to which the Target or the Target Subsidiary is a party or by which it is bound or to which any property of the Target or the Target Subsidiary is subject, which breach would be material to the Target Group, or result in the creation of any Encumbrance upon any of the assets of the Target Group under any such agreement, mortgage, indenture, note, instrument, license, lease, contract, order, consent, approval, permit or authority, or give to others any material interest or rights, including rights of purchase, termination, cancellation or acceleration, under any such agreement, mortgage, indenture, note, instrument, license, lease, contract, order, consent, approval, permit or authority or impose any material restrictions on the ability of the Target Group to carry on any business or to acquire or dispose of any assets or to declare or make Distributions to their shareholders, or borrow or mortgage and pledge their property;

- (c) violate any Applicable Laws, including Applicable Securities Laws or any judicial or administrative order, award, judgment or decree applicable to the Target or the Target Subsidiary, which violation would be material to the Target Group; or
- (d) result in a breach of, or cause the termination or revocation of any Authorization held by the Target or the Target Subsidiary or necessary for the operation of the Business, including the License Applications.

#### **5.10 Environmental Laws**

The Target Group, each of their respective assets and the operation of their respective businesses, have been and are in compliance in all material respects with all Environmental Laws. No member of the Target Group is in violation of any regulation relating to the release or threatened release of Contaminants. The Target Group has complied in all material respects with all reporting and monitoring requirements under all Environmental Laws. Neither the Target nor the Target Subsidiary has ever received any notice of any material non-compliance in respect of any Environmental Laws or any Environmental Approval held. To the knowledge of the Target Group, there are no events or circumstances that might reasonably be expected to form the basis of an order for clean up or remediation, or an action, suit or proceeding by any private party or Governmental Entity, against or affecting the Target Group relating to Contaminants or any Environmental Laws. All Environmental Approvals required with respect to activities carried out by the Target Group have been obtained, are valid and in full force and effect, have been complied with and there have been, and, to the best knowledge of the Target Group, there are no proceedings commenced or threatened to revoke or amend any such Environmental Approvals.

#### **5.11 Partnerships and Joint Ventures**

Neither the Target nor the Target Subsidiary 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 Business or any other activity in such manner, or by which the Target or the Target Subsidiary agrees to share any revenue or profit with any other Person.

### 5.12 Directors and Officers

The directors and officers of the Target are as follows:

<b>Name</b>	<b>Position</b>
Patrick Elliott	President and director
Matt McGill	Director

The directors and officers of the Target Subsidiary are as follows:

<b>Name</b>	<b>Position</b>
Harvey Lalach	President, Secretary and sole director

### 5.13 Corporate Records

The Corporate Records of each of the Target and the Target Subsidiary are accurate, complete and up to date in all material respects and all corporate proceedings and actions reflected in such corporate records have been conducted or taken in compliance with all Applicable Laws and with the Constatng Documents of the Target or the Target Subsidiary, as applicable, and are maintained at the records office of the Target or the Target Subsidiary, as applicable. Without limiting the generality of the foregoing: (i) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders held since incorporation and all such meetings were properly called and held, (ii) the minute books contain all resolutions passed by the directors and shareholders (and committees, if any) and all such resolutions were properly passed, (iii) the share certificate books, register of shareholders and register of transfers are complete and accurate, all transfers have been properly completed and approved and any tax payable in connection with the transfer of any securities has been paid, and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers were properly elected or appointed, as the case may be. No meeting of any of the directors, shareholders or any committees has been held for which minutes have not been prepared and are not contained in the Corporate Records.

### 5.14 Books and Records

The Books and Records of the Target Group have been fully, properly and accurately kept and completed in all material respects, have been maintained in accordance with sound business practices, including the maintenance of an adequate system of internal controls, and disclose all material financial transactions of the Target Group and such transactions have been fairly and accurately recorded.

### 5.15 No Undisclosed Liabilities

Neither the Target nor the Target Subsidiary has any outstanding material known or anticipated liabilities of any kind whatsoever (including absolute, accrued or contingent liabilities) to any Person, or any commitments whether or not determined or determinable, whether direct, indirect, absolute, contingent or otherwise, other than pursuant to the Share Purchase Agreement,

the Security Agreements, the Finder's Fee Agreement or the Lease.

Neither the Target nor the Target Subsidiary is a party to or bound by any suretyship, guarantee, indemnification or assumption agreement or endorsement of, or any other similar commitment with respect to, the liabilities of any Person, other than the Guarantee.

#### **5.16 Encumbrances**

There is no indebtedness or liability of the Target or the Target Subsidiary to any Person which might, by operation of law or otherwise, now or hereafter constitute or be capable of resulting in or forming an Encumbrance, upon any of the Target Assets, other than the Share Purchase Agreement and the Security Agreements. The Target Group has not granted any Encumbrances over any of the Target Assets, other than pursuant to the Security Agreements.

#### **5.17 Shareholder Loans**

Except in relation to reimbursement of expenses incurred in the ordinary course of business or due to the Former Shareholder pursuant to the Share Purchase Agreement and the Security Agreements, there are no loans, debts or other liabilities of either of the Target or the Target Subsidiary in favor any of the Vendors or any former shareholder or any party related to them, or the Target's or the Target Subsidiary's officers, former officers, directors, former directors, employees or former employees or any party related thereto or any other Person with whom the Target Group does not deal with at arm's length (within the meaning of the *Income Tax Act* (Canada), nor are there any loans outstanding or other amounts due to the Target or the Target Subsidiary from such Persons.

#### **5.18 Non-Arm's Length Transactions**

Other than the Share Purchase Agreement, the Finders Fee Agreement and the Security Agreements, the Target Group is not a party to any contract or agreement with any officer, former officer, director, former director, employee, former employee, shareholder former shareholder or any other Person with whom they respectively are not dealing with at arm's length (within the meaning of the *Income Tax Act* (Canada), nor any Affiliate of any of the foregoing, with the except of usual compensation paid in the ordinary course of business consistent with past practice. At the Closing Date, no amounts will be due or owing to any of the current or former officers of the Target or the Target Subsidiary, current or former shareholders of the Target or the Subsidiary or the current or former members of the board of directors of the Target or the Target Subsidiary save and except in respect of any indemnification by the Target of the directors as provided in the Constating Documents of the Target or the Outstanding Payments pursuant to the Share Purchase Agreement.

#### **5.19 Leases**

Other than the Lease, the Target Group is not a party to, or under any agreement to become a party to, any lease with respect to real property and does not own any real property. The Lease is in good standing, and, to the knowledge of the Target Group, creates a good and valid right to use the premises and land thereunder demised and is in full force and effect without amendment. With respect to the Lease: (i) all rents and additional rents have been paid, (ii) no waiver,

indulgence or postponement of the lessee's obligations has been granted by the lessor, (iii) to the knowledge of the Target Group, there exists no event of default or event, occurrence, condition or act (including the Transaction) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default under the Lease, and (iv) to the knowledge of the Target Group, all of the covenants to be performed by any party (other than the Target Subsidiary) under the Lease have been fully performed. The leased premises are adequate and suitable for the purposes for which they are presently being used and the Target Subsidiary has adequate rights of ingress and egress into the leased premises for the operation of the Business in the ordinary course.

#### **5.20 Title to Assets**

The Target Group owns (with good and marketable title) all of the properties and assets (whether real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the Target Group in their respective Books and Records, and which are reasonably necessary for the continued operation of the Business as presently conducted. The Target Group has legal and beneficial ownership of the Target Assets free and clear of all Encumbrances, including any agreements which would have a Material Adverse Effect on such Target Assets, other than the Share Purchase Agreement and the Security Agreements.

#### **5.21 No Options to Purchase Assets**

Other than pursuant to the Security Agreements, there are no written or oral agreements, options, understandings or commitments, or any right or privilege capable of becoming such for the purchase or other acquisition from the Target or the Target Subsidiary of any of the Target Assets, other than assets which are obsolete or inventory to be sold in the ordinary course.

#### **5.22 Condition of Tangible Assets**

The tangible personal property of the Target Group is in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put. None of such tangible assets are in need of maintenance or repairs except for routine maintenance and repairs in the ordinary course that are not material in nature or cost.

#### **5.23 Authorizations**

The Target Group owns, holds, possesses or lawfully used in the operation of the Business, all Authorizations of Governmental Entities, that are required to own and lease the Target Assets and to conduct the Business as now conducted, to use the Target Assets in compliance with Applicable Laws, or to meet its obligations under this Agreement and in the manner in which the Business will need to be carried on in order for the Target Group to meet its obligations under this Agreement and which are necessary in connection with the ownership of the License Applications, except where the failure to hold the foregoing would not have a Material Adverse Effect on the Target Group.

Other than those required in the ordinary course of business, no registrations, filings, applications, notices, transfers, consents, approvals, audits, qualifications, waivers or other action

of any kind is required by virtue of the execution and delivery of this Agreement, or of the consummation of the Transaction: (a) to avoid the loss of any material license (including the License Applications), permit, consent, concession or other authorization or any material asset, property or right pursuant to the terms thereof, or the violation or breach of any law applicable thereto, or (b) to enable the Target Subsidiary to hold and enjoy the same immediately after the Closing Date in the conduct of its business as conducted prior to the Closing Date.

Each Authorization is valid, subsisting and in good standing. Neither the Target, the Target Subsidiary nor their directors and officers is in default or breach of any Authorization and, no proceeding is pending or to the knowledge of the Target Group, threatened to revoke or limit any Authorization. All Authorizations are renewable by their terms or in the ordinary course without the need for the Target Group to comply with any special rules or procedures, agree to any materially different terms or conditions or pay any amounts other than routine filing fees.

#### **5.24 License Applications**

Each of the Target Subsidiary and its directors and officers (as applicable):

- (a) is and at all times has been in compliance with all Applicable Laws, including, without limitation the ACMPR in all material respects;
- (b) has not received any correspondence or notice from Health Canada or any other Governmental Entity, that have not been addressed to Health Canada's satisfaction, alleging or asserting material non-compliance with any Applicable Laws or any authorizations, including the Licence Applications;
- (c) has not received notice of any pending or threatened claim, suit, Proceeding, charge, hearing, enforcement, audit, investigation, arbitration or other action from any Governmental Entity (other than audits or inspections by Health Canada required in relation to the granting of the Cultivation License or Sales License pursuant to the ACMR) or third party alleging that any operation or activity of the Target or its directors and officers is in violation of any Applicable Laws that, if finally determined adversely to the Purchaser would be expected to result in a Material Adverse Effect, and has no knowledge or reason to believe that any such Governmental Entity or third party is considering any such claim, suit, proceeding, charge, hearing, enforcement, audit, investigation, arbitration or other action;
- (d) has not received notice that any Governmental Entity has taken, is taking or intends to take action to limit, suspend, modify or revoke any material Authorizations including the Licence Applications and has no knowledge or reason to believe that any such Governmental Entity is considering such action;
- (e) has not received notice from any applicable Governmental Entity objecting to or otherwise raising objections with the License Applications and has no knowledge or reason to believe that the Cultivation License or the Sales License will not be granted by the applicable Governmental Entity;
- (f) has, or has had on its behalf, filed, declared, obtained, maintained or submitted all reports,



documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Applicable Laws or Authorizations, including in respect of the License Applications and to receive the Cultivation License and the Sales License, and all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were materially complete and correct on the date filed (or were corrected or supplemented by a subsequent submission); and

- (g) is not subject to any judgment, order, writ, injunction, decree or award of any Governmental Entity, which, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect on the Target Subsidiary or any Affiliate thereof.

## 5.25 Employees

- (a) The Target Group has no current Employees, other than their directors and officers, or in the case of the Target Subsidiary, the Key Consultants.
- (b) The Target Group is not a party to any Employee Contracts, other than with the Key Consultants.
- (c) The Target Group has no Employee Plans and has had no Employee Plans in place since their respective incorporation.
- (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 Contract, Contract or loan that will or may result in any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness or obligation to fund benefits with respect to any Employee of the Target Group or to any Key Consultant.
- (e) Each of the Target and the Target Subsidiary
  - (i) 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, if any;
  - (ii) has withheld all amounts required by Applicable Laws 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 Entity with respect to unemployment compensation benefits, social security or other benefits for its Employees (other than routine payments to be made in the regular and ordinary 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 federal or provincial occupational safety and health board or agency against it, and no notice of any Proceeding involving it has been filed or is pending or, to its knowledge, threatened, against it under any Applicable Laws relating to occupational safety and health.
- (f) No work stoppage, labour strike or other “concerted action” involving Employees of, or against, the Target or the Target Subsidiary is pending or, to the knowledge of the Target Group, threatened. Neither the Target nor the Target Subsidiary is involved in, nor, to the knowledge of the Target Group, has been threatened with, any labour dispute, grievance, or litigation relating to labour, safety or discrimination matters involving any Employee of the Target or the Target Subsidiary, including, without limitation, 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 Group.
- (g) Neither the Target nor the Target Subsidiary is 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 or the Target Subsidiary.
- (h) 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 Group, there are no complaints, claims or charges pending or outstanding or, to the best of the knowledge of the Target Group, anticipated, nor are there any orders, decisions, directions or convictions currently registered or outstanding by any Governmental Entity against, or in respect of, the Target or the Target Subsidiary under or in respect of any employment legislation. The Target Group is not aware of any audit currently being performed by any workers compensation or similar authority with respect to the Target or the Target Subsidiary, 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 and the Target Subsidiary.
- (i) There are no agreements, written or oral, between the Target or the Target Subsidiary and any other Person relating to payment, remuneration or compensation for work performed or services provided or payment relating to a Change in Control or other events in respect of the Target Group. No severance or other termination payments will become due from the Target or the Target Subsidiary to any Person in connection with the completion of the Transaction.

## 5.26 Insurance

The Target Assets are insured in such amounts and against such risks as indicated in the

insurance policies which are maintained by the Target Subsidiary. The Target Subsidiary is not in default with respect to any of the provisions contained in the insurance policies, the payment of any premiums under any insurance policy and has not failed to give any notice or to present any claim under any insurance policy in a due and timely fashion. There has not been any Material Adverse Change in the relationship of the Target Subsidiary with its insurers, the availability of coverage, or in the premiums payable pursuant to the policies. The Target Subsidiary maintains all insurance coverage as may be required by any Material Contract. The Target maintains no insurance policies.

### **5.27 Intellectual Property**

- (a) There is no Intellectual Property owned or used by the Target Group in relation to the Business or in which the Target Group has any rights or licenses, other than the trade names "Go Green" and "Go Green B.C. Medical Marijuana".
- (b) The Target Group has no knowledge of any infringement or alleged infringement by others of any Intellectual Property. To the best knowledge of the Target Group, the neither the Target nor the Target Subsidiary has infringed, and is not now infringing, on any Intellectual Property belonging to any other Person.
- (c) Neither the Target nor the Target Subsidiary is a party to any license, agreement, or arrangement, whether as licensor, licensee, franchiser, franchisee, or otherwise, with respect to any Intellectual Property.

### **5.28 Litigation**

To the knowledge of the Target and the Target Subsidiary, there are no Proceedings contemplated or threatened, against or affecting the Target, the Target Subsidiary, the Business, the Target Shares or any of the Target Assets, at law or in equity or before any Governmental Entity which would prevent or hinder the consummation of this Agreement or which have resulted in, involve the possibility of or could involve the possibility of any judgment or liability which can reasonably be expected to have a Material Adverse Effect on the Business or condition, financial or otherwise of the Target Group, the Target Shares or the Target Assets, and to the best of the Target's and Target Subsidiary's knowledge, there is existing ground on which any such Proceeding might be commenced with any reasonable likelihood of success. Neither the Target nor the Target Subsidiary is not subject to any outstanding order, writ, injunction or decree.

### **5.29 Material Contracts**

The Target Group has provided the Purchaser with all Material Contracts entered into by the Target Group in the course of carrying on the Business. Neither the Target nor the Target Subsidiary is a party to or bound by any other Material Contract, whether oral or written, and the Material Contracts, including the Lease, the Finder's Fee Agreement, the Share Purchase Agreement and the Security Agreements, 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 the Target Subsidiary or, to the best of the knowledge of the Target Group, on the part of any of the other parties thereto. The Target Group 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, the Target Subsidiary and the Vendors, 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 or the Target Subsidiary is a party.

### **5.30 Tax Returns**

The Target and the Target Subsidiary have duly filed or has caused to be filed within the times and in the manner prescribed under all Applicable Laws, all federal, provincial, state, territorial, local and foreign Tax Returns required to be filed by the Target or the Target Subsidiary, as applicable, and those Tax Returns were true, complete and correct in all material respects and reflect accurately all liabilities for Taxes for the period(s) covered thereby and that no material fact has been omitted therefrom. The Target and the Target Subsidiary has paid, collected, withheld and remitted, or caused to be paid, collected, withheld and remitted to the appropriate Governmental Entity, all Taxes that are due and payable, collectible or remittable by it including any such amounts payable, collectible or remittable by it in connection with amounts paid or credited to any present or former employee, on or before the date of this Agreement. No Encumbrance for Taxes has been filed or exists other than for Taxes not yet due and payable.

### **5.31 Tax Claims**

- (a) There are no claims or reassessments of Taxes in respect of the Target or the Target Subsidiary that have been issued and are outstanding and there are no outstanding issues which have been raised and communicated to the Target or the Target Subsidiary, as applicable by any Governmental Entity in any jurisdiction, whether or not the Target or Target Subsidiary files Tax Returns in such jurisdiction;
- (b) no Governmental Entity has challenged, disputed or questioned the Target or the Target Subsidiary in respect of Taxes or Tax Returns;
- (c) neither the Target nor the Target Subsidiary is negotiating any draft assessment or reassessment with any Governmental Entity;
- (d) there are no contingent liabilities for Taxes of the Target or the Target Subsidiary;
- (e) neither the Target nor the Target Subsidiary has received any indication from any Governmental Entity that an assessment or reassessment of the Target or the Target, Subsidiary, as applicable, is proposed in respect of any Taxes, regardless of its merits; and
- (f) neither the Target nor the Target Subsidiary has executed or filed with any Governmental Entity any agreement or waiver extending the period for assessment, reassessment or collection of any Taxes or the filing of any Tax Returns.

### **5.32 Insolvency**

Neither the Target nor the Target Subsidiary is insolvent nor have either any of them committed an act of bankruptcy, proposed a compromise or arrangement to their creditors generally, had any petition for the granting of a receiving order in bankruptcy filed against them, made a voluntary assignment into bankruptcy or taken any proceeding to have itself dissolved, wound-up or declared bankrupt or to have a receiver appointed in respect of all or any portion of their assets or commenced proceedings for any amalgamation, continuation or other corporate reorganization, nor are any such proceedings pending.

### **5.33 No Finder's Fee**

No Person is entitled to a finder's fee, commission or other form of compensation from the Target, the Target Subsidiary or the Vendors with respect to this Agreement and the consummation of the Transaction, other than the Finder pursuant to the Finder's Fee Agreement.

### **5.34 No Limitations**

There is no non-competition, exclusivity or other similar agreement, commitment or understanding in place, whether written or oral, to which the Target or the Target Subsidiary is a party or is otherwise bound that would now or hereafter, in any way limit the Business, use of their respective assets or their respective operations.

### **5.35 Compliance with Laws**

To the knowledge of the Target Group, the Target and the Target Subsidiary is in compliance, in all material respects with all Applicable Laws and any applicable judgment, decree, writ, injunction, directive, decision or order of any Governmental Entity or otherwise and neither the Target nor the Target Subsidiary has received notice from any Governmental Entity that it is not in compliance with any such Applicable Laws or applicable judgments, decrees, writs, injunctions, directives, decisions or orders, except where such failure to comply would not have a Material Adverse Effect on the Target Group.

### **5.36 Government Officials**

Neither the Target nor the Target Subsidiary, nor, to the knowledge of the Target Group, any director, officer, employee, agent or representative of the Target or the Target Subsidiary, has taken or will take any action in furtherance of an offer, payment, promise to pay, authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any "government official" (including any officer or employee of a government or government-owned or controlled entity, of a public international organization, or any Person acting in an official capacity for or on behalf of any of the foregoing, or any political party, party official or candidate for political office) to influence official action or secure an improper advantage, including in violation of the *Corruption of Foreign Public Officials Act*; and the Target and the Target Subsidiary have conducted their businesses in compliance with applicable anti-corruption laws.

### **5.37 Anti-Money Laundering Laws**

The operations of the Target and the Target Subsidiary are and have been conducted, at all times, in material compliance with all applicable financial recordkeeping and reporting requirements of applicable anti-money laundering statutes of the jurisdictions in which the Target and the Target Subsidiary conduct or conducted business, the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the “**Anti-Money Laundering Laws**”), and no Proceeding by or before any Governmental Entity involving the Target or the Target Subsidiary with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Target Group, threatened.

### **5.38 Information**

All current and historical data and information provided by the Target, the Target Subsidiary and the Vendors to the Purchaser and their Representatives in writing in connection with the Transaction was and is complete and true and correct in all material respects as of the date made. All forward-looking information is, to the best of the Target Group’s and the Vendors’ knowledge, based upon reasonable assumptions.

### **5.39 No Untrue Statements**

None of the representations, warranties or statements of fact made in this Article 5 contain any untrue statement of a material fact or omit to state any material fact necessary to make any such warranty or representation not misleading. The Target Group has no information relating to the Target Group 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, the Target Subsidiary or the Business.

### **5.40 Other Representations**

All statements contained in any certificate or other instrument delivered by or on behalf of the Target Groups or the Vendors pursuant hereto, or in connection herewith will be deemed to be representations and warranties of the Target Group and the Vendors, as applicable, hereunder.

### **5.41 Survival**

The representations and warranties of the Target Group contained in this Agreement shall survive the Closing and the sale of the Target Shares and, notwithstanding any investigations or enquiries made by the Purchaser prior to the Closing and notwithstanding the waiver of any condition by the Purchaser, the representations, warranties, covenants and agreements of the Target Group, shall (except where otherwise specifically provided in this Agreement) survive the Closing and shall continue in full force and effect for a period of 12 months from the Closing Date for all matters.

### **5.42 Reliance**

The Target Group acknowledges and agrees that the Purchaser has entered into this Agreement relying on the warranties and representations and other terms and conditions of this Agreement

notwithstanding any independent searches or investigations that may be undertaken by or on behalf of the Purchaser and that no information that is now known or should be known or that may hereafter become known to the Purchaser or its Representatives, as the case may be, shall limit or extinguish any rights or remedies of the Purchaser to the right to indemnification hereunder.

## ARTICLE 6 - COVENANTS

### 6.1 Transaction Filings

Each of the Purchaser, the Vendors and the Target Group shall promptly apply for and use all reasonable efforts to obtain all approvals of the CSE, as required and of any Governmental Entity which are required in connection with the consummation of the transactions contemplated hereby, including approval for the listing on the CSE of the Payment Shares. The Vendors shall initiate the applications for any approvals required in relation to the sale of the Target as relating to the License Applications, if any, the Purchaser shall initiate the applications for the approval of the CSE, and each Party shall cooperate with and use all reasonable efforts to assist the other Parties in obtaining such approvals.

### 6.2 Access to Information

- (a) The Purchaser shall furnish to the Vendors such information, in addition to the information contained in this Agreement, relating to the financial condition, business, properties and affairs of the Purchaser, as may reasonably be requested by the Vendors, which information shall be true and complete in all material respects and shall not contain an untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances in which they are made, not misleading, and shall provide to the Vendors and their Representatives, upon reasonable notice, access during normal business hours (or at such other time or times as the Parties may reasonably request until the earlier of the Closing Date and the termination of this Agreement) to the properties, books, records, officers and personnel of the Purchaser, as the Vendors may reasonably request, always provided that such access will not materially interfere with the normal business operations of the Purchaser.
- (b) The Vendors and the Target Group shall furnish to the Purchaser such information, in addition to the information contained in this Agreement, relating to the financial condition, business, properties and affairs of the Target Group as may reasonably be requested by the Purchaser, which information shall be true and complete in all material respects and shall not contain an untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances in which they are made, not misleading, and shall provide to the Purchaser and its Representatives, upon reasonable notice, access during normal business hours (or at such other time or times as the Parties may reasonably request until the earlier of the Closing Date and the termination of this Agreement) to the properties, books, records, officers and personnel of the Target Group, as the Purchaser may reasonably request, always provided that such access will not materially interfere with the normal business operations of the Target Group.

- (c) Each of the Target and the Target Subsidiary shall provide to the Purchaser prospectus level disclosure regarding their financial conditions, business, assets and affairs for the purposes of completing the Listing Statement and shall certify the disclosure in the Listing Statement as constituting full, true and plain disclosure.

### **6.3 Conduct of Business of the Purchaser**

The Purchaser hereby covenant and agree that until the earlier of the Termination Date and the Closing Date:

- (a) The Purchaser will carry on its business in the ordinary course and consistent with past practice, except as otherwise contemplated in this Agreement or in relation to the Additional Acquisition, the Financing or the Spin-Off, and the Purchaser shall use its commercially reasonable efforts to maintain and preserve its business, assets and business relationships, except as contemplated by the Spin-Off;
- (b) The Purchaser shall maintain its Books and Records in the usual, regular and ordinary manner, on a basis consistent with prior practices and will comply with all laws, rules and regulations applicable to it and to the conduct of its business and will not do any act, or omit to do any act which will cause a breach of any material commitments of obligations;
- (c) The Purchaser shall do all such acts and things necessary to ensure that all of the representations and warranties of the Purchaser contained in this Agreement remain true and correct and not do any such act or thing that would render any representation or warranty of the Purchaser untrue or incorrect;
- (d) The Purchaser shall not (unless otherwise contemplated in this Agreement or with the prior written consent of the Vendors, such consent not to be unreasonably withheld):
  - (i) merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization with, any other corporation or person or perform any act or enter into any transaction or negotiation which interferes or is inconsistent with the completion of the transactions contemplated hereby, other than as contemplated in this Agreement, the Additional Acquisition, the Additional Acquisition Agreement, the Arrangement Agreement, the Spin-Off or the Financing and, without limiting the generality of the foregoing, the Purchaser will not:
    - (A) except pursuant to the exercise of the options and share purchase warrants currently outstanding in the capital of the Purchaser or the conversion of existing convertible notes of the Purchaser, the proposed issuance of securities under the Financing, this Agreement, the issuance of securities pursuant to the Finder's Fee Agreement or to satisfy the Outstanding Payments, the proposed Additional Acquisition, the grant of additional incentive options on the Closing Date to employees, directors, officers and consultants of the Purchaser, as may be necessary to effect the Spin-Off, or in furtherance of the transactions contemplated by this Agreement, allot, reserve, set aside issue, sell, pledge, hypothecate, lease, dispose of or encumber any shares of any class or other securities or any right, option, call,



or warrant with respect thereto or enter into any agreements for the future issuance of securities; or

- (B) other than the Consolidation or as may be required in order to effect the Spin-Off, split, combine, reclassify any of its securities or declare or make any Distribution;
- (ii) alter or amend its Constatng Documents as the same exist at the date of this Agreement, other than to effect the Consolidation and a change of its name to such name as may be acceptable to the CSE and the Registrar of Companies pursuant to the Business Corporations Act or as may be necessary in order to effect the Spin-Off;
- (iii) engage in any business, enterprise or other activity different from that carried on by it at the date of this Agreement or enter into any transaction or incur (except in respect of obligations or liabilities to which it is already legally subject) any obligation, expenditure or liability other than obligations, expenditures and liabilities relating to the maintenance of its corporate existence and listed status on the CSE or reasonable costs incurred in connection with the Closing and the Financing or as may be required in connection with the Spin-Off or Additional Acquisition;
- (iv) enter into or amend any employment or consulting agreements or service contracts with any director, officer, employee or consultant or create or amend any employee benefit plan, or otherwise make any changes in compensation, bonuses, fees or benefits to such directors, officers, employees or consultants;
- (v) make any capital expenditures, additions or improvements or commitments for the same which individually or in the aggregate exceed ten thousand dollars (\$10,000), other than in connection with the Spin-Off;
- (vi) make any loan or advance to any Person or guarantee the payment of any indebtedness of another Person, other than to a wholly owned subsidiary created for the purposes of completing the Spin-Off;
- (vii) other than pursuant to this Agreement or the Additional Acquisition, acquire or agree to acquire any Person or other business organization or division or acquire or agree to acquire any material assets;
- (viii) other than the Arrangement Agreement or the Additional Acquisition Agreement or in connection with the Spin-Off or Additional Acquisition, enter into, renegotiate, amend, modify, fail to renew or terminate any material agreements or waive, release, assign, grant or transfer any material right or claim thereunder;
- (ix) create or amend any stock option, bonus or other compensation plan, pay any bonuses or make any awards of cash, stock or other, deferred or otherwise, grant any stock options, or defer any compensation to any of its directors or officers;
- (x) make any material change in accounting procedures or practices;

- (xi) other than the Arrangement Agreement, enter into any related party transaction;
- (xii) mortgage, pledge or hypothecate any of its assets or subject any of its assets to any Encumbrance;
- (xiii) discharge, satisfy or pay any Encumbrance of any kind whatsoever other than current liabilities in the ordinary course of business;
- (xiv) other than in the ordinary course of business or pursuant to the Arrangement Agreement or otherwise in connection with the Spin-Off, enter into any agreement or arrangement granting any rights to purchase or lease any of its assets or rights or requiring the consent of any Person to the transfer, assignment or lease of any such assets or rights;
- (xv) other than pursuant to the Arrangement Agreement or in connection with the Spin-Off, dispose, sell, lease, sublease, assign or transfer (by tender offer, exchange offer, merger, amalgamation, sale of shares or assets or otherwise) any of its assets;
- (xvi) enter into any agreement resulting in a Change of Control of the Purchaser, other than this Agreement, the Additional Acquisition Agreement or any agreement entered into in relation to the Financing;
- (xvii) settle any outstanding Proceeding; or
- (xviii) enter into any agreement or understanding to do any of the foregoing.

#### **6.4 Covenants relating to the Target Group:**

The Vendors, the Target and the Target Subsidiary hereby covenants and agrees that until the earlier of the Termination Date and the Closing Date:

- (a) Each of the Target and the Target Subsidiary will carry on its business in the ordinary course and consistent with past practice, except as otherwise contemplated in this Agreement. Each of the Target and the Target Group will use all commercially reasonable efforts to maintain and preserve the Business, the Target Assets, the License Applications and their business relationships;
- (b) Each of the Target and the Target Subsidiary shall maintain its Books and Records in the usual, regular and ordinary manner, on a basis consistent with prior practices and will comply with all laws, rules and regulations applicable to it and to the conduct of the Business and will not do any act, or omit to do any act which will cause a breach of any material commitments or obligations;
- (c) Each of the Target and the Target Subsidiary shall maintain payables and other liabilities at levels consistent with past practice and shall pay all required Taxes and shall maintain the Target Assets in current state of repair and conditions;
- (d) The Target Group shall ensure the Share Purchase Agreement is kept in good standing, including but not limited to the payment of all filings, taxes, charges and assessments or

other forms of payments and the Target shall, to the extent any Outstanding Payments become due prior to the Closing Date, pay the Outstanding Payments;

- (e) Each of the Target and the Target Subsidiary shall do all such acts and things reasonably necessary to ensure that all of the respective representations and warranties of the Target Group contained in this Agreement remain true and correct and not do any such act or thing that would render any representation or warranty untrue or incorrect;
- (f) Each of the Target and the Target Subsidiary shall 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) Neither the Target nor the Target Subsidiary shall not (unless otherwise contemplated in this Agreement or with the prior written consent of the Purchaser, such consent not to be unreasonably withheld):
  - (i) merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization with, any other corporation or person or perform any act or enter into any transaction or negotiation which interferes or is inconsistent with the completion of the Transaction, other than as contemplated in this Agreement and, without limiting the generality of the foregoing, neither the Target nor the Target Subsidiary will:
    - (A) allot, reserve, set aside, issue sell, pledge, hypothecate, lease, dispose of or encumber any shares of any class or other securities or any right, option, call, or warrant with respect thereto or enter into any agreements for the future issuance of securities; or
    - (B) split, combine or reclassify any of its securities or declare or make any Distribution;
  - (ii) alter or amend their Constatng Documents as the same exist at the date of this Agreement;
  - (iii) engage in any business, enterprise or other activity other than the Business;
  - (iv) enter into or amend any Employment Contract or consulting agreements or service contracts with any director, officer, Employee or consultant or create or amend any Employee Plan, or otherwise make any changes in compensation, bonuses, fees or benefits to such directors, officers, Employees or consultants;
  - (v) remove any director or terminate any officer, Employee or Key Consultant;
  - (vi) make any capital expenditures, additions or improvements or commitments for the same which individually or in the aggregate exceed ten thousand dollars (\$10,000);
  - (vii) make any loan or advance to any Person or guarantee the payment of any

indebtedness of another Person;

- (viii) acquire or agree to acquire any Person or other business organization or division or acquire or agree to acquire any material assets;
- (ix) enter into, renegotiate, amend, modify, fail to renew or terminate any Material Contracts or Authorization, including the Share Purchase Agreement or the License Applications, or waive, release, assign, grant or transfer any material right or claim thereunder;
- (x) create or amend any stock option, bonus or other compensation plan, pay any bonuses or make any awards of cash, stock or other, deferred or otherwise, grant any stock options, or defer any compensation to any of its directors or officers;
- (xi) make any material change in accounting procedures or practices;
- (xii) enter into any related party transaction;
- (xiii) mortgage, pledge or hypothecate any of the Target Assets or subject any of the Target Assets to any Encumbrance;
- (xiv) discharge, satisfy or pay any Encumbrance of any kind whatsoever other than current liabilities in the ordinary course of business;
- (xv) make any loan or advance to any Person, increase its indebtedness for borrowed money or make any loan or advance or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of any other Person;
- (xvi) other than in the ordinary course of business, enter into any agreement or arrangement granting any rights to purchase or lease any of its assets or rights or requiring the consent of any Person to the transfer, assignment or lease of any such assets or rights;
- (xvii) dispose, sell, lease, sublease, assign or transfer (by tender offer, exchange offer, merger, amalgamation, sale of shares or assets or otherwise) any of the Target Assets;
- (xviii) enter into any agreement resulting in a Change of Control of the Target or the Target Subsidiary, other than this Agreement or any agreement entered into in relation to the Financing;
- (xix) settle any outstanding Proceeding; or
- (xx) enter into any agreement or understanding to do any of the foregoing.

## **6.5 Additional Covenants of the Vendors:**

The Vendors hereby covenants and agrees that until the earlier of the Termination Date and the Closing Date:

- (a) The Vendors shall do all such acts and things reasonably necessary to ensure that all of the representations and warranties of such Vendors contained in this Agreement remain true and correct and not do any such act or thing that would render any such representation or warranty untrue or incorrect.
- (b) The Vendors shall not transfer, sell, encumber or otherwise dispose of any of its Target Shares or any interest therein and shall not deal or attempt to deal with the Target Shares in any way that would or might affect the right of the Purchaser to become absolutely vested in 100% of the Target Shares free and clear of all Encumbrances.
- (c) The Vendors shall use their commercially reasonable best efforts to cause the Target not to transfer, sell, encumber or otherwise dispose of any of its shares of the Target Subsidiary or any interest therein and not to deal or attempt to deal with the shares of the Target Subsidiary in any way that would or might affect the right of the Target to be absolutely vested in 100% of the shares of the Target Subsidiary free and clear of all Encumbrances.
- (d) The Vendor shall use commercially reasonable efforts to do all such other acts and things as may be necessary or desirable in order to give effect to the transaction contemplated by this Agreement, including using all commercially reasonable efforts to assist the Purchaser with the fulfillment of subscribers to the Financing.

## **6.6 Additional Covenants**

Each of the Parties agrees to use its commercially-reasonable best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the Transaction and to cooperate with each other in connection with the foregoing, including using commercially-reasonable efforts to:

- (a) obtain all necessary waivers, consents and approvals from other Parties to material agreements, leases and other contracts or agreements;
- (b) obtain all necessary consents, approvals, and authorizations as are required to be obtained under any Applicable Laws;
- (c) defend all lawsuits or other legal proceedings challenging this Agreement or the consummation of the Transaction;
- (d) lift or rescind any injunction or restraining order or other remedy adversely affecting the ability of the Parties to consummate the Transaction;
- (e) effect all necessary registrations and other filings and submissions of information requested by any Governmental Entities; and
- (f) comply with all provisions of this Agreement.

For purposes of the foregoing, the obligations of the Parties to use “commercially-reasonable efforts” to obtain waivers, consents and approvals to leases, loan agreements and other contracts shall not include any obligation to agree to a materially-adverse modification of the terms of such

documents or to prepay or incur additional material obligations to such other Parties (and the Purchaser and the Target Group are expressly prohibited from doing so).

### **6.7 Notifications**

Between the date of this Agreement and the Closing Date, each of the Parties to this Agreement will promptly notify the other Parties in writing if it becomes aware of any fact or condition that causes or constitutes a material breach of any of its representations and warranties as of the date of this Agreement, if it becomes aware of the occurrence after the date of this Agreement of any fact or condition that would cause or constitute a material 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 other Parties of the occurrence of any material breach of any of its covenants in this Agreement or of the occurrence of any event that may make the satisfaction of such conditions impossible or unlikely or the occurrence of any condition or situation that has occurred or arisen which might reasonably be expected to have a Material Adverse Effect on the business, the assets, liabilities, results, financial condition, affairs or prospects of either of the Purchaser (in the case of the Purchaser) or the Target Group (in the case of the Vendors, the Target or the Target Subsidiary).

### **6.8 Standstill**

From the date of this Agreement until the earlier of the Termination Date and the Closing Date, the Target Group, the Vendors and the Purchaser (and any of their respective directors, officers, employees, or agents, including attorneys, accountants and investment bankers, as applicable) will not, directly or indirectly, solicit, initiate, assist, facilitate, promote or encourage proposals or offers from, entertain or enter into discussions or negotiations with, or provide information relating to the securities, business, operations, affairs or financial condition of the Target Group or the Purchaser to any persons in connection with the acquisition or distribution of any securities of the Target Group or the Purchaser, or any amalgamation, merger, consolidation, arrangement, restructuring, refinancing, sale of any material assets of the Target Group or the Purchaser, unless such action, matter or transaction is part of the transactions contemplated in this Agreement (including without limitation the Financing, the Spin-Off, the Arrangement Agreement, the Additional Acquisition or the Additional Acquisition Agreement) or is satisfactory to, and is approved in writing in advance by the Target Group and the Purchaser or is necessary to carry on the normal course of business, always subject to a Party's fiduciary duties at law

## **ARTICLE 7 - CONDITIONS PRECEDENT**

### **7.1 Conditions Precedent to the Performance of the Purchaser**

The obligations of the Purchaser under this Agreement shall be subject to the satisfaction or waiver at or before the Closing Time of the following conditions:

- (a) Truth and Accuracy of Representations of the Vendors and the Target Group at Closing. The representations and warranties of the Vendors and the Target Group made in this Agreement shall be true and correct in all material respects as at the Closing Date;
- (b) License Applications. The License Applications shall not have been denied, revoked or

otherwise terminated;

- (c) Due Diligence. 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. The Purchaser having reviewed and approved all materials in the possession and control of the Target Group and the Vendors which are germane to the decision of the Purchaser to proceed with the Transaction;
- (d) No Encumbrances. Any outstanding Encumbrances in respect of the Target Shares shall have been discharged. No claim having been asserted or made that any Person (other than the Purchaser or the Vendors) is the holder or the 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;
- (e) Performance of Obligations. The Vendors and the Target Group shall have performed and complied with all the obligations and covenants to be performed and complied with by them pursuant to this Agreement;
- (f) Absence of Injunctions. No injunction or restraining order of any court or administrative tribunal of competent jurisdiction shall be in effect prohibiting the transactions contemplated hereby and no action or proceeding shall have been instituted or be pending before any court or administrative tribunal to restrain or prohibit the Transaction;
- (g) Closing Documents. At or before the Closing Time, the Purchaser shall have received the documents referred to in Section 8.3 as therein provided;
- (h) Financing. The Financing shall have been completed to raise proceeds of not less than the greater of \$1,000,000 or such amount as may be required in order for the CSE to approve the Transactions and for the Purchaser to distribute to Mining Spinco \$1,000,000 in cash;
- (i) Share Purchase Agreement. The Share Purchase Agreement shall not have been terminated.
- (j) Security Agreements. The Former Shareholder shall not have exercised its rights to enforce its security pursuant to any of the Security Agreements.
- (k) Spin-Off. The Spin-Off shall have been approved by the Purchaser's shareholders.
- (l) No Material Adverse Change. No Material Adverse Change shall have occurred in the Business, the assets, liabilities, results, financial condition, affairs or prospects of the Target Group, the Target Shares, the Target Assets or the Business from the date hereof to the Closing Date;
- (m) No Legal Proceeding. There being no Proceedings against or pending or threatened against the Target, the Target Subsidiary, the Target Shares or the Target Assets as at the Closing Date;

- (n) No Prohibition at Law. There being no prohibition at law against the consummation of this Agreement, the Transaction or the acquisition of the Target Shares by the Purchaser;
- (o) No Investigation. There shall be no inquiry or investigation (whether formal or informal) in relation to the Target, the Target Subsidiary or their directors or officers, commenced or threatened by an officer or official of any Governmental Entities, such that the outcome of such inquiry or investigation could have a Material Adverse Effect on the Target, the Target Subsidiary, the Target Shares or the Target Assets;
- (p) Approvals. The Target Group and the Vendors having taken all proper steps, actions and corporate proceedings to approve the Transaction, including passing any resolutions required to ensure that the Target Shares will be transferred to the Purchaser free and clear of any encumbrances, adverse claim, right or interest.
- (q) Target Shares. The Target Shares shall be validly issued and free of clear of all Encumbrances, and the Target Shares shall be issued as non-revocable, fully paid and non-assessable.
- (r) Consents. Any approval, authorization, waiver or consent of the Governmental Entities, including the CSE, 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 purchase of the Target Shares and the Transaction having been obtained to the Purchaser's satisfaction or in accordance with any applicable Contracts or Applicable Laws.

The conditions set forth in this Section 7.1 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 Date. Notwithstanding any such waiver, the completion of the Transaction as contemplated by this Agreement by the Purchaser shall not prejudice or affect in any way the rights of the Purchaser in respect of the warranties and representations of the Vendors and the Target Group as set forth in this Agreement or any remedies which the Purchaser may have hereunder or at law.

## **7.2 Conditions Precedent to the Performance of the Vendors and the Target Group**

The obligations of the Vendors and the Target under this Agreement shall be subject to the satisfaction at or before the Closing Time of the following conditions:

- (a) Truth and Accuracy of Representations of the Purchaser at Closing. The representations and warranties of the Purchaser made in this Agreement shall be true and correct in all material respects as at the Closing Date;
- (b) Performance of Obligations. The Purchaser shall have performed and complied with all the obligations and covenants to be performed and complied with by it pursuant to this Agreement;
- (c) Absence of Injunctions. No injunction or restraining order of any court or administrative tribunal of competent jurisdiction shall be in effect prohibiting the transactions contemplated hereby and no action or proceeding shall have been instituted or be pending before any court or administrative tribunal to restrain or prohibit the Transaction;



- (d) Closing Documents. At or before the Closing Time, the Vendor shall have received the documents referred to in Section 7.4 as therein provided;
- (e) Financing. The Financing shall have been completed to raise proceeds of not less than the greater of \$1,000,000 or such amount as may be required in order for the CSE to approve the Transactions and for the Purchaser to distribute to Mining Spinco \$1,000,000 in cash;
- (f) Consolidation. The Consolidation shall have been completed.
- (g) Spin-Off. The Vendors shall be entitled, through the Payment Shares, to participate in the Spin-Off as a holder of Shares.
- (h) No Material Adverse Change. No Material Adverse Change shall have occurred in the business, the assets, liabilities, results, financial condition, affairs or prospects of the Purchaser from the date hereof to the Closing Date;
- (i) No Legal Proceeding. There being no Proceedings against or pending or threatened against the Purchaser as at the Closing Date;
- (j) No Prohibition at Law. There being no prohibition at law against the consummation of this Agreement, the Transaction or the acquisition of the Target Shares by the Purchaser;
- (k) No Investigation. There shall be no inquiry or investigation (whether formal or informal) in relation to the Purchaser or its directors or officers, commenced or threatened by an officer or official of any Governmental Entity, such that the outcome of such inquiry or investigation could have a Material Adverse Effect on the Purchaser; and
- (l) Approvals. Any approval or consent of the Governmental Entities, including the CSE, as required with respect to the Transaction shall have been obtained.

The conditions set forth in this Section 7.2 are for the exclusive benefit of the Vendors and the Target Group and may be waived by the Vendors and the Target Group in writing in whole or in part on or before the Closing Date. Notwithstanding any such waiver, completion of the Transaction as contemplated by this Agreement by the Vendors and the Target Group shall not prejudice or affect in any way the rights of the Vendors in respect of the warranties and representations of the Purchaser set forth in this Agreement or any remedies which the Vendors or the Target Group may have hereunder or at law.

## ARTICLE 8 - CLOSING

### 8.1 Closing

The Transaction shall be completed at 10:00 a.m. on the Closing Date, at the offices of Armstrong Simpson, 2080 - 777 Hornby Street, Vancouver, B.C. V6Z 1S4, or at such other time or at such other location as may be mutually agreed upon in writing by the parties hereto. 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.

## **8.2 Closing Documents**

On the Closing Date, the Vendor and the Target Group shall deliver, or cause to be delivered, to the Purchaser the documents set forth in Section 8.3 hereof and such other documents as the Purchaser may reasonably require to perfect the Transaction and the Purchaser shall deliver, or cause to be delivered, to the Vendors the documents set forth in Section 8.4 hereof and such other documents as the Vendors may reasonably require to perfect the Transaction.

## **8.3 The Vendor's and the Target Group's Closing Documents**

At the Closing Time, the Vendor and the Target shall deliver or cause to be delivered to the Purchaser at the place of the Closing the following:

- (a) a copy, certified by a duly authorized officer of each of the Target and the Target Subsidiary of its Constating Documents;
- (b) an incumbency certificate, signed by a duly-authorized officer thereof and giving the name and bearing a specimen signature of each individual who shall be authorized to sign, in the name and on behalf of the Target and the Target Subsidiary, this Agreement and any other ancillary documents;
- (c) a certificate of good standing or equivalent issued by the registrar of the Business Corporations Act for the Target and the Target Subsidiary;
- (d) a copy, certified by a duly authorized officer of each of the Target and the Target Subsidiary of the resolutions of the board of directors of each of the Target and the Target Subsidiary, and, if necessary, their respective shareholders, evidencing that such board of directors and, if applicable, shareholders, have approved this Agreement, the Transaction, the transfer of the Target Shares and all of the transactions of contemplated hereunder;
- (e) a certificate signed by an officer of each of the Target and the Target Subsidiary, dated as of the Closing Date confirming the truth and accuracy, in all material respects of each of their respective representations and warranties as set out in this Agreement, on and as of the Closing Date, that the covenants and agreements of the Target to be observed and performed at or before the Closing pursuant to this Agreement have been duly observed and performed in all material respects and that all conditions precedent of the Target for completion of the transactions contemplated herein have been satisfied or waived;
- (f) a certificate signed by each of the Vendors, dated as of the Closing Date confirming the truth and accuracy, in all material respects of the Vendors' representations and warranties as set out in this Agreement, on and as of the Closing Date, and that the covenants and agreements of the Vendors to be observed and performed at or before the Closing pursuant to this Agreement have been duly observed and performed in all material respects and that all conditions precedent of the Vendors for completion of the transactions contemplated herein have been satisfied or waived;

- (g) a certified copy of the central securities register of the Target evidencing the Purchaser as the sole registered owner of the Target Shares;
- (h) a certificate from the Former Shareholders confirming that the Share Purchase Agreement and the Security Agreements remain in good standing as of the Closing Date;
- (i) all other necessary consents, waivers, including waivers of rights of first refusal and preemptive rights, authorizations and instruments of transfer required to enable the transfer of the Target Shares, in accordance with the terms hereof, free and clear of any Encumbrance; and
- (j) such further documents and assurances as the Purchaser or their legal counsel may reasonably require in order to give effect to the provisions hereof.

#### **8.4 The Purchaser's Closing Documents**

At the Closing Time, the Purchaser shall deliver or cause to be delivered to the Vendors at the place of the Closing the following:

- (a) a copy, certified by a duly authorized officer of the Purchaser of its Constatting Documents;
- (b) an incumbency certificate, signed by a duly-authorized officer thereof and giving the name and bearing a specimen signature of each individual who shall be authorized to sign, in the name and on behalf of the Purchaser, this Agreement and any other ancillary documents;
- (c) a certificate of good standing issued by the registrar under the Business Corporations Act for the Purchaser;
- (d) a copy, certified by a duly authorized officer of the Purchaser of the resolutions of the board of directors of the Purchaser, and, if necessary its shareholders, evidencing that such board of directors, and if applicable, the shareholders, have approved this Agreement, the Transaction, the issuance of the Payment Shares, the appointment of nominees of the Vendors to the board of directors of the Purchaser and all of the transactions contemplated hereunder;
- (e) a certificate signed by the Purchaser, dated as of the Closing Date confirming the truth and accuracy, in all material respects of the Purchaser's representations and warranties as set out in this Agreement, on and as of the Closing Date, and that the covenants and agreements of the Purchaser to be observed and performed at or before the Closing pursuant to this Agreement have been duly observed and performed in all material respects and that the conditions precedent of the Purchaser for completion of the transactions contemplated herein have been satisfied or waived;
- (f) resignations from all but two of the current members of the Purchaser's board of directors;
- (g) all other necessary consents, waivers, including waivers of rights of first refusal and preemptive rights, authorizations and instruments of transfer required to enable the issuance

of the Payment Shares, in accordance with the terms hereof, free and clear of any Encumbrance; and

- (h) such further documents and assurances as the Vendors may reasonably require in order to give effect to the provisions hereof.

### 8.5 Risk of Loss

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

- (a) to complete the Transaction without reduction of the Purchase Price, in which event all proceeds of any insurance or compensation for expropriation or seizure, and all proceeds of any business interruption insurance which compensates for the business lost during the period less the sum of all deductibles shall be retained by the Target; or
- (b) to terminate this Agreement and not complete the transactions contemplated in this Agreement.

## ARTICLE 9 - CONFIDENTIALITY AND DISCLOSURE

### 9.1 Confidentiality

Each of the Purchaser, the Vendors and the Target Group will provide access to information (the “**Information**”) in accordance with Section 6.2 above. For the purposes of this section 9.1, the Party disclosing Information is referred to as the “**Disclosing Party**” and the Party receiving such Information is referred to as the “**Receiving Party**”. With respect to such Information, the Receiving Party shall:

- (a) protect and maintain the Information in the strictest confidence and will not disclose the Information to any person, other than to a limited number of Representatives of the Receiving Party and its Affiliates who have an actual need to know the Information. For purposes of this section 9.1, “Representative” means any director, officer, employee, consultant or advisor (financial, legal or otherwise) of the Receiving Party or any of its Affiliates;
- (b) prior to disclosing Information to any Representative, inform each Representative of the confidential nature of the Information and will require each Representative to agree and undertake to treat the Information as confidential;
- (c) safeguard the Information with the same degree of care against disclosure that it affords to its own confidential information of a similar nature or a reasonable degree of care, whichever standard is higher;
- (d) use the Information only for the purpose of evaluating and/or completing the

Transaction;

- (e) at the request of the Disclosing Party, return to the Disclosing Party all materials comprising the Information delivered to the Receiving Party hereunder and destroy any copies thereof made by the Receiving Party forthwith and further shall destroy any summaries, notes, analyses, compilations, studies or other records prepared by the Receiving Party that contain or have been generated, wholly or partly, or derived from, the Information; and
- (f) at the request of the Disclosing Party, deliver a certificate executed by an authorized officer of the Receiving Party confirming compliance with respect to subparagraph 9.1(e)

This Section 9.1 shall not apply to any Information that: (a) is part of the public domain at the time it made known to the Receiving Party or its Representatives; (b) is made known to the Receiving Party or its Representatives without an obligation of confidentiality by a third party who did not acquire knowledge of the details, either directly or indirectly, under an obligation of confidentiality; (c) after it is made known to the Receiving Party or its Representatives, becomes part of the public domain through no fault, act or omission of the Receiving Party or of any party to whom the Receiving Party has properly disclosed details of the Information; or (d) the Receiving Party can establish was in its possession, without an obligation of confidentiality to the Disclosing Party, prior to the date of disclosure of such details by the Disclosing Party.

Notwithstanding the foregoing, nothing contained in this Section 9.1 shall be deemed to prevent disclosure of Information that, after consultation with the Receiving Party's legal counsel, is required to be made as a matter of law or stock exchange rule or by an order of a court or administrative body of competent jurisdiction; provided that the Receiving Party shall give the Disclosing Party prompt notice of any such requirement and shall take all reasonable efforts to preserve the confidentiality of the Information or assist the Disclosing Party in doing so, including seeking protective orders or other remedies, and further provided that in making such disclosure, the Receiving Party shall disclose only that portion thereof required to be disclosed.

## **9.2 Restrictions on Disclosure; Public Announcements**

No disclosure or announcement, public or otherwise, in respect of this Agreement or the transactions contemplated herein will be made by any party without the prior written agreement of the Purchaser and the Target, each acting reasonably, as to timing, content and method, provided that the obligations herein will not prevent any Party from making, after making reasonable efforts to obtain the other Party's approval, such disclosure as its legal counsel advises is required by Applicable Securities Laws or as is required to carry out the transactions contemplated in this Agreement or the obligations of any of the Parties hereto.

## **9.3 Personal Information**

Each of the Vendors hereby consents to the collection and disclosure of its personal information in connection with the transactions contemplated by this Agreement, including without limitation the Transaction, and acknowledges and consents to the fact that the Purchaser is 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 Vendors for the purposes of completing this Agreement and the transactions contemplated hereby. Each of the Vendors acknowledges and consents to the Purchaser and the Target Group retaining such personal information for as long as permitted or required by Applicable Laws. Each of the Vendors further acknowledges and consents to the fact that the Purchaser and the Target Group may be required by Applicable Securities Laws, including the CSE, to provide Governmental Entities with any personal information provided by the Vendors in this Agreement and each of the Vendors further consents to the public disclosure of such information, including this Agreement in its entirety, by electronic filing or by any other means to:

- (a) the CSE or securities regulatory authorities;
- (b) the Purchaser's registrar and transfer agent;
- (c) Canadian tax authorities;
- (d) authorities pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada); and
- (e) any other applicable Governmental Entity requiring such information.

## **ARTICLE 10 - UNAVOIDABLE DELAYS**

### **10.1 Delays**

If any Party should be delayed in or prevented from performing any of the terms, covenants or conditions of this Agreement by reason of a cause beyond the control of such Party, other than a lack of funds, but including fires, floods, earthquakes, subsidence, ground collapse or landslides, interruptions or delays in transportation or power supplies, labour disputes, strikes, lockouts, wars, acts of God, government regulation or interference, including but without restricting the generality of the foregoing, forest or highway closures or any other cause beyond such Party's control, then any such failure on the part of such Party to so perform shall not be deemed to be a breach of this Agreement and the time within which such Party is obliged to comply with any such term, covenant or condition of this Agreement shall be extended by the total period of all such delays plus a corrective period of seven (7) Business Days. In order that the provisions of this Article may become operative, such Party shall give notice in writing to the other Parties, forthwith and for each new cause of delay or prevention and shall set out in such notice particulars of the cause thereof and the day upon which the same arose, and shall give like notice forthwith following the date that such cause ceased to subsist.

## **ARTICLE 11 - INDEMNIFICATION**

### **11.1 Indemnification by the Target, the Target Subsidiary and the Vendors**

- (a) Each of the Vendors, individually and severally, and on behalf of their respective successors and assigns, as applicable, (who for the purposes of this Article 11 shall be included in all references to the "**Vendors**") agree to indemnify and save harmless the

Purchaser, and its Affiliates and its Representatives (collectively, the “the **Purchaser Indemnified Parties**”) from all Losses suffered or incurred by the Purchaser Indemnified Parties as a result of or arising out of or in connection with: (i) any breach by any of the Vendors of or any inaccuracy of any representation or warranty of the Vendors contained in Article 4 of this Agreement or in any agreement, instrument, certificate or other document delivered by any of the Vendors pursuant thereto; and (ii) any breach or non-performance by any of the Vendors of any obligation to be performed by any of them which is contained in this Agreement or in any agreement, certificate or other document delivered by any of the Vendors pursuant hereto.

- (b) Each of the Target and the Target Subsidiary, jointly and severally, and on behalf of their respective successors and assigns, as applicable, (who for the purposes of this Article 11 shall be included in all references to the “**Target Group Parties**”) agree to indemnify and save harmless the Purchaser Indemnified Parties from all Losses suffered or incurred by the Purchaser Indemnified Parties as a result of or arising out of or in connection with (i) any breach by any of the Target Group Parties of or any inaccuracy of any representation or warranty of the Target Group Parties contained in Article 5 of this Agreement or in any agreement, instrument, certificate or other document delivered by any of the Target Group Parties pursuant thereto; and (ii) any breach or non-performance by any of the Target Group Parties of any obligation to be performed by any of them which is contained in this Agreement or in any agreement, certificate or other document delivered by any of the Target Group Parties pursuant hereto.
- (c) The maximum amount of Losses that the Purchaser Indemnified Parties will be entitled to recover pursuant to Section 11.1(a) from each of the Vendors or their respective successor or assign, as applicable, shall be equal to the amount of the Purchase Price received or receivable by them.

## **11.2 Indemnification by the Purchaser**

- (a) The Purchaser agrees to indemnify and save harmless the Vendors, the Target Group and their respective Representatives (collectively, the “**Target Group Indemnified Parties**”) from all Losses suffered or incurred by any Target Group Indemnified Parties as a result of or arising directly or indirectly out of or in connection with: (i) any breach by the Purchaser of or any inaccuracy of any representation or warranty of the Purchaser contained in Article 3 of this Agreement or in any agreement, instrument, certificate or other document delivered pursuant hereto; and (ii) any breach or non-performance by the Purchaser of any obligation to be performed by it which is contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto.
- (b) The Purchaser shall be liable for all Losses payable to the Target Group Indemnified Parties pursuant to Section 11.2(a), provided that the maximum amount of Losses the Target Group Indemnified Parties will be entitled to recover from the Purchaser, in the aggregate, pursuant to Section 11.2(a), shall be equal to the amount of the Purchase Price.

## **11.3 Notice of Claim**

In the event that a Party (the “**Indemnified Party**”) shall become aware of any claim, proceeding

or other matter (a “**Claim**”) in respect of which another Party (the “**Indemnifying Party**”) agreed to indemnify the Indemnified Party pursuant to this Agreement, the Indemnified Party shall promptly give written notice thereof to the Indemnifying Party. Such notice shall specify whether the Claim arises as a result of a claim by a person against the Indemnified Party (a “**Third Party Claim**”) or whether the Claim does not so arise (a “**Direct Claim**”), and shall also specify with reasonable detail (to the extent that the information is available) the factual basis for the Claim and the amount of the Claim, if known. Failure by the Indemnified Party to so notify shall not relieve the Indemnifying Party of its obligation of indemnification hereunder unless (and only to the extent that) such failure results in forfeiture by the Indemnifying Party of substantive rights or defences.

#### **11.4 Direct Claims**

With respect to any Direct Claim, following receipt of notice from the Indemnified Party of the Claim, the Indemnifying Party shall have thirty (30) days in which to make such investigation of the Claim as is considered necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim, together with all such other information as the Indemnifying Party may reasonably request. If both parties agree at or prior to the expiration of such thirty (30) day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed upon amount of the Claim, failing which the matter shall be referred to binding arbitration in accordance with the applicable provisions of the *Arbitration Act* (British Columbia).

#### **11.5 Third Party Claims**

With respect to any Third-Party Claim, the Indemnifying Party shall have the right, at its expense, to participate in or assume control of the negotiation, settlement or defence of the Claim and, in such event, the Indemnifying Party shall reimburse the Indemnified Party for all the Indemnified Party’s reasonable and direct out-of-pocket expenses as a result of such participation or assumption. No admission of liability and no settlement, compromise or termination of any Claim, or investigation shall be made without the Indemnifying Party’s consent and the consent of the Indemnified Party affected, such consents not to be unreasonably withheld or delayed. If the Indemnifying Party elects to assume such control, the Indemnified Party shall have the right to participate in the negotiation, settlement or defence of such Third Party Claim and to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party unless the Indemnifying Party consents to the retention of such counsel or unless the named parties to any action or proceeding include both the Indemnifying Party and the Indemnified Party and the representation of both the Indemnifying Party and the Indemnified Party by the same counsel would be inappropriate, in the reasonable opinion of the Indemnified Party’s legal counsel, due to the actual or potential differing interests between them (such as the availability of different defences). If the Indemnifying Party, having elected to assume such control, thereafter fails to defend the Third-Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume such control, and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third-Party Claim. If any Third-Party Claim is of a nature such that:

- (a) the Indemnified Party is required by Applicable Law or the order of any court, tribunal or



regulatory body having jurisdiction; or

- (b) it is necessary in the reasonable view of the Indemnified Party acting in good faith and in a manner consistent with reasonable commercial practices in respect of a Third Party Claim relating to any contract which is necessary to the ongoing operations of the Target or any material part thereof by a reasonable and prudent operator in substantially the same manner in which it has heretofore been operated by the Target in order to preserve the rights of the Indemnified Party under any material contract, to make a payment to any person (a "Third Party") with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, as the case may be,
- (c) the Indemnified Party may make such payment and the Indemnifying Party shall, forthwith after demand by the Indemnified Party, reimburse the Indemnified Party for such payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party. If such a payment, by resulting in settlement of the Third Party Claim, precludes a final determination of the merits of the Third Party Claim and the Indemnified Party and the Indemnifying Party are unable to agree whether such payment was reasonable in the circumstances having regard to the amount and merits of the Third Party Claim, such dispute shall be submitted to arbitration in accordance with the applicable provisions of the *Arbitration Act* (British Columbia).

#### **11.6 Settlement of Third Party Claims**

If the Indemnifying Party fails to assume control of the defence of any Third-Party Claim, the Indemnified Party shall have the exclusive right to contest, settle or pay the amount claimed, acting reasonably. If the Indemnifying Party assumes control of the defence of any Third-Party Claim, the Indemnified Party may not settle any Third-Party Claim without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed. Whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnifying Party shall not settle any Third Party Claim without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed; provided, however, that the liability of the Indemnifying Party shall be limited to the proposed settlement amount if any such consent is not obtained for any reason.

#### **11.7 Co-operation**

The Indemnified Party and the Indemnifying Party shall co-operate fully with each other with respect to Third Party Claims, and shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available).

#### **11.8 Exclusivity**

The provision of this Article 11 shall apply to any Claim for breach of any covenant, representation, warranty or other provision of this Agreement or any agreement, certificate or other document delivered pursuant hereto (other than a claim for specific performance or

injunctive relief) with the intent that all such Claims shall be subject to the limitations and other provisions contained in this Article 11; provided, however, that nothing contained herein shall prevent an Indemnified Party from bringing a claim based on fraud.

### **11.9 Insurance**

The Indemnified Party shall use reasonable efforts, consistent with past practices, to recover Losses from its insurance carriers, if applicable, provided that such efforts may take place before and/or after recovery of indemnification hereunder and the obligation to use reasonable efforts consistent with past practices shall not delay or affect entitlement to indemnification hereunder. It is acknowledged by the Purchaser that it has been advised that the Vendors do not intend to maintain insurance following the Closing Date to cover any such Losses. It is acknowledged by the Vendors and the Target Group that the Purchaser currently maintains no insurance policies.

### **11.10 Failure to Give Timely Notice**

A failure to give timely notice as provided in this Article 11 shall not affect the rights or obligations of any party under this Article 11 except and only to the extent that, as a result of such failure, any party which was entitled to receive such notice was deprived of its right to recover any payment under its applicable insurance coverage or was otherwise directly and materially damaged as a result of such failure.

### **11.11 Reductions and Subrogation**

If the amount of any Losses at any time subsequent to the making of an indemnity payment pursuant to this Article 11 is reduced by any recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other person, the amount of such reduction (less any costs, expenses (including taxes) or premiums incurred in connection therewith) shall promptly be repaid by the Indemnified Party to the Indemnifying Party. Upon making a full indemnity payment pursuant to this Article 11, the Indemnifying Party shall, to the extent of such indemnity payment, be subrogated to all rights of the Indemnified Party against any third party in respect of the Losses to which such indemnity payment relates but only if the Indemnifying Party shall then be in compliance with its obligations under this Agreement in respect of such Losses. Until the Indemnified Party recovers full payment of its Losses, any and all claims of the Indemnifying Party against any such third party on account of such indemnity payment shall be postponed and subordinated in right of payment to the Indemnified Party's rights against such third party. Without limiting the generality or effect of any other provision hereof, the Indemnified Party and Indemnifying Party shall duly execute upon request all instruments reasonably necessary to evidence and perfect such postponement and subordination.

### **11.12 Effect of the Indemnification**

The amount of any Losses shall be adjusted to take account of (i) Tax payable by the Indemnified Party arising from the receipt of payments in respect of such Losses under this Agreement (taking into account any Taxes which would be payable on the amount of such payments) and (ii) any Tax benefit realized by the Indemnified Party or any subsidiary by reason of the Losses for which payment is so made or the circumstances giving rise to such Losses, and, for this purpose, any

Tax benefit shall be taken into account at such time as it is received by the Indemnified Party or any subsidiary.

### **11.13 Limitations of Indemnification**

The indemnity and other provisions herein shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that such losses, expenses, claims, actions, damages or liabilities to which the Indemnified Party may be subject directly resulted from the breach of the Agreement by or the gross negligence, fraud or willful misconduct of the Indemnified Party and such Indemnified Party shall reimburse any funds advanced by the Indemnifying Party to the Indemnified Party pursuant to this indemnity in respect of such claim.

## **ARTICLE 12 TERMINATION**

### **12.1 Termination**

This Agreement shall terminate on the date any of the following occurs (the “**Termination Date**”):

- (a) By written agreement of the Parties to terminate this Agreement;
- (b) By either Party by providing written notice to the other Party in the event that the Closing Date does not occur on or before 5:00 p.m. (Vancouver time) on or before September 30, 2018 or such later date as the Parties may agree in writing (provided that the right to terminate this Agreement under this Section 12.1(b) shall not be available to any Party where failure to fulfill any of its obligations under this Agreement has been the cause of or resulted in the failure to consummate the transactions contemplated hereby by such date);
- (c) By either Party by providing written notice to the other Party in the event that any of the conditions precedent set forth in Article 7 for the benefit of such Party have not been fulfilled or waived at a prior to Closing (provided that the right to terminate this Agreement under this Section 12.1(c) shall not be available to any party where failure to fulfill any of its obligations under this Agreement has been the cause of or resulted in the failure of such condition precedent being satisfied);
- (d) By either Party by providing written notice to the other Party in the event that any Governmental Entity has notified in writing any of the Parties that it will not permit the Transaction, the Financing or the transactions contemplated by this Agreement to proceed; or
- (e) By either Party by providing written notice to the other Party in the event that there has been a material misrepresentation, breach or non-performance by the other Party of any material representation, warranty, covenant or obligation contained in this Agreement, which could reasonably be expected to have a Material Adverse Effect on the other Party, provided the breaching Party has been given notice of and fourteen (14) days in which to cure any such misrepresentation, breach or non-performance.

Upon termination of the Agreement as provided for in this Section 12.1, this Agreement shall have no further force and effect and the Parties shall have no further obligations to one another, provided that Article 9, Article 11, Section 13.2 and Sections 14.1, 14.2 and 14.8 shall survive the termination of this Agreement and provided, however, that any such termination shall not prejudice the rights of a Party as a result of a breach by any other Party of its obligations hereunder or a liability resulting from the fraud or wilful misconduct of such Party in connection with the termination of this Agreement.

## **ARTICLE 13 - POST-CLOSING COVENANTS**

### **13.1 Access to Books and Records.**

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

### **13.2 Confidentiality**

After the Closing, the Vendors will keep confidential all information in its possession or under its control relating to the Target Group and the Business unless such information is or becomes generally available to the public other than as a result of a disclosure by the Vendors in violation of this Agreement.

### **13.3 Key Consultants**

The Vendors shall use their commercially reasonable efforts to cause Harvey Lalach to remain as a director and officer of the Target Subsidiary until such time as the Licenses are granted, provided however that Mr. Lalach shall take all and only the actions in such capacity as are authorized by the Purchaser. Following the Closing, the Vendors shall use all commercially reasonable efforts to secure services or consulting Contracts or an Employee Contract with the Key Consultants, pending the issuance of the Licenses, subject to the approval and authorization of the Purchaser.

## **ARTICLE 14 GENERAL**

### **14.1 Expenses**

Each Party shall be responsible for the payment of its own expenses relating to the Transaction including legal fees, financial advisory fees and all reasonable disbursements by such Parties and their advisors.

## 14.2 Time

Time shall be of the essence hereof.

## 14.3 Assignment

No Party may assign any of its respective rights under this Agreement 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 Vendors and the Target Subsidiary. 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.

## 14.4 Notices

Any notice or other writing required or permitted to be given hereunder or for the purposes hereof shall be sufficiently given if delivered or sent by facsimile to the Party to whom it is given or if mailed, by prepaid registered mail, addressed to such Party at:

- (a) If to the Purchaser:

**Mountain Lake Minerals Inc.**  
1853 Sunken Lake Road,  
Wolfville, Nova Scotia, B4P 2R2

**Attention: Paul Smith**  
**Email: redacted: personal email**

with a copy to the Purchaser's legal counsel (which does not constitute notice):

Armstrong Simpson  
2080 - 777 Hornby Street  
Vancouver, British Columbia, V6Z 1S4

**Attention: Shauna Hartman**  
**Email: [shartman@armlaw.com](mailto:shartman@armlaw.com)**

- (b) If to the Vendors or the Target:

**1157630 B.C. Ltd.**  
Suite 300-1055 West Hastings Street  
Vancouver, British Columbia, V6E 2E9

**Attention: Patrick Elliott**

**Email: redacted: personal email**

or at such other address as the Party to whom such writing is to be given shall have last notified the Party giving the same in the manner provided in this section. Any notice mailed as aforesaid shall be deemed to have been given and received on the fifth Business Day next following the date of its mailing unless at the time of mailing or within five (5) Business Days thereafter there occurs a postal interruption which could have the effect of delaying the mail in the ordinary course, in which case any notice shall not be effectively given unless it is actually delivered or sent by facsimile or email. Any notice delivered or sent by email to the Party to whom it is addressed shall be deemed to have been given and received on the day it was delivered, provided that if such day is not a Business Day then the notice shall be deemed to have been given and received on the Business Day next following such day.

**14.5 Severability**

If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless in either case as a result of such determination this Agreement would fail in its essential purpose.

**14.6 Amendment**

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

**14.7 Waiver**

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

**14.8 Entire Agreement**

This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior agreements and understandings, oral or written, by and between any of the parties hereto with respect to the subject matter hereof, including the Letter Agreement, which is hereby terminated and of no further force and effect.

**14.9 Language**

The parties hereto acknowledge and confirm that they have requested that this Agreement as well as all notices and other documents contemplated hereby be drawn up in the English language.

**14.10 Further Assurances**

The Parties hereto shall with reasonable diligence do all such things and provide all such

reasonable assurances as may be required to consummate the transactions contemplated hereby, and each Party hereto shall provide such further documents or instruments required by the other party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions whether before or after the Closing Date.

#### **14.11 Enurement**

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

#### **14.12 Counterparts**

This Agreement may be executed in as many counterparts as may be necessary or by facsimile and each such agreement or facsimile so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

**1157630 B.C. LTD.**

Per: "Patrick Elliott"  
Authorized Signatory

**GO GREEN B.C. MEDICINAL MARIJUANA LTD.**

Per: "Harvey Lalach"  
Authorized Signatory

**MOUNTAIN LAKE MINERALS LTD.**

Per: "Paul Smith"  
Authorized Signatory



**SCHEDULE "A"**  
**THE VENDORS AND THE TARGET SHARES**

<b>Target Shareholder</b>	<b>Signature</b>	<b>Address</b>	<b>Number of Target Shares</b>	<b>Number of Payment Shares</b>
<b>REDACTED: PERSONAL INFORMATION</b>				
<b>TOTAL</b>			<b>10,000,000</b>	<b>40,000,000</b>