

## SHARE PURCHASE AGREEMENT

**THIS SHARE PURCHASE AGREEMENT** is made effective the 6th day of February, 2023 (the “**Effective Date**”).

### **BETWEEN:**

**LORDS AND COMPANY WORLDWIDE HOLDINGS INC.**

a corporation existing under the laws of British Columbia  
 (“**LRDS**”)

- and -

**PNW APPAREL INC.**

a company existing under the laws of the British Columbia  
 (“**PNW**”)

- and –

**THE PARTIES SET OUT IN SCHEDULE 2.07(d) HERETO**

(the “**PNW Shareholders**”, and together with PNW, the “**Vendors**”)

(LRDS, PNW, and the PNW Shareholders, each a “**Party**”, and together, the “**Parties**”)

### **WHEREAS:**

- A. PNW owns and holds 100% of the interest in and to the assets and intellectual property more particularly described in Schedule A hereto (the “**Assets**”); and
- B. on the terms and subject to the conditions set forth herein, the PNW Shareholders wish to sell and LRDS wishes to purchase from the PNW Shareholders, all of the issued and outstanding shares in the capital of PNW (the “**Purchased Shares**”).

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

## **ARTICLE I INTERPRETATION**

### **1.01 Definitions**

In this Agreement, unless otherwise defined, capitalized words and terms will have the following meanings:

- (a) “**Agreement**” means this share purchase option agreement as the same may be supplemented or amended from time to time;

- (b) **“Assets”** has the meaning ascribed to it in Schedule A;
- (c) **“Books and Records”** means all technical, business, and financial records, financial books and records of account, books, data, reports, files, lists, drawings, plans, logs, briefs, customer and supplier lists, deeds, certificates, contracts, surveys, title opinions or any other documentation and information in any form whatsoever (including written, printed, electronic or computer printout form) relating to a corporation and its business;
- (d) **“Business Day”** means a day which is not a Saturday, Sunday, or a statutory holiday in the Province of British Columbia;
- (e) **“Claim”** has the meaning ascribed to it in Section 7.06;
- (f) **“Closing”** means the completion of the Transaction in accordance with the terms and conditions of this Agreement;
- (g) **“Closing Date”** means February 7, 2023 or such other date as LRDS and PNW may mutually determine;
- (h) **“Consideration Shares”** has the meaning ascribed to it in Section 2.02(a);
- (i) **“Contracts”** means all written or oral outstanding contracts and agreements, leases (including any real Assets leases), third-party licenses, insurance policies, deeds, indentures, instruments, entitlements, commitments, undertakings and orders made by or to which a Party is bound or under which a Party has, or will have, any rights or obligations and includes rights to use, franchises, license and sub-licenses agreements and agreements for the purchase and sale of assets or shares;
- (j) **“Core Shareholders”** means VDL Tech Limited, Tenken Ltd., Delonco Ltd. And Cap West Holdings Ltd.;
- (k) **“Corporate Records”** means the corporate records of a corporation, including (i) its notice of articles, articles or other constating documents, any unanimous shareholders agreement and any amendments thereto; (ii) all minutes of meetings and resolutions of shareholders, directors, and any committee thereof; (iii) the share certificate books, register of shareholders, register of transfers and registers of directors and officers; and (iv) all accounting records;
- (l) **“CSE”** means the Canadian Securities Exchange;
- (m) **“Direct Claim”** has the meaning ascribed to it in Section 7.06;
- (n) **“Disclosure Documents”** means the documents made available by PNW to LRDS via an online ‘drop-box’ or otherwise provided by the PNW Shareholders or PNW to LRDS in writing;
- (o) **“Disclosed”** means, in the case of the PNW Shareholders and PNW, disclosed (with sufficient details to identify the nature and scope of the matter disclosed) in or under the Disclosure Letter and, in the case of LRDS, fairly disclosed in writing to PNW and the PNW Shareholders prior to the

date of this Agreement (with sufficient details to identify the nature and scope of the matter disclosed);

- (p) **“Effective Date”** means the date of this Agreement;
- (q) **“Encumbrance”** means any lien (statutory or otherwise), pledge, mortgage, deed of trust, security interest, charge, option, pre-emptive right, right of first offer or refusal, put or call right, lease, license, title retention agreement, easement, covenant, condition, restriction, servitude, transfer restriction or any other encumbrance;
- (r) **“Governmental Authority”** means any (a) multinational, federal, provincial, territorial, state, regional, municipal, local, or other government, governmental or public department, court, tribunal, commission, board, or agency, domestic or foreign, or (b) regulatory authority, securities commission or stock exchange, including the CSE;
- (s) **“IFRS”** means the International Financial Reporting Standards approved by the International Accounting Standards Board, or any successor thereto, applicable as at the date on which a calculation is made or required to be made;
- (t) **“Indemnified Party”** has the meaning ascribed to it in Section 7.06;
- (u) **“Indemnifying Party”** has the meaning ascribed to it in Section 7.06;
- (v) **“Laws”** means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or any provisions of the foregoing, including general principles of common and civil law and equity, binding on or affecting the person referred to in the context in which such word is used; and **“law”** means any one of them;
- (w) **“LRDS”** means Lords and Company Worldwide Holdings Inc.;
- (x) **“Material Adverse Effect”** means: (i) any change, effect, fact, circumstance or event which, individually or when taken together with any other changes, effects, facts, circumstances or events, could reasonably be expected to be materially adverse to the assets, liabilities, condition (financial or otherwise), business, properties or results of operation of LRDS or PNW, as applicable; or (ii) a material impairment of or delay in the ability of the Parties (or any one of them) to perform their obligations hereunder or consummate the Transaction;
- (y) **“Material Contracts”** means any Contract or other obligation or right (and all amendments, modifications and supplements thereto to which the Vendors are a party affecting their respective obligations thereunder) to which the Vendors are a party or are bound that are material to PNW or the Assets, including, to the extent any of the following are material to PNW or the Assets, all: (a) employment, severance, personal services, consulting, non-competition or indemnification Contracts, (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 PNW (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 PNW 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 PNW 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 PNW in excess of \$25,000 per annum;

- (z) **“Material fact”** has the meaning ascribed to it in the *Securities Act* (British Columbia);
- (aa) **“Misrepresentation”** has the meaning ascribed to it in the *Securities Act* (British Columbia);
- (bb) **“LRDS Shares”** means common shares in the capital of LRDS;
- (cc) **“Parties”** means any one of LRDS, PNW, and the PNW Shareholders, and **“Party”** means any one of them;
- (dd) **“person”** includes an individual, sole proprietorship, partnership, limited partnership, unincorporated association or organization, unincorporated syndicate, body corporate, trust, trustee, executor, administrator, legal representative of the Crown or any agency or instrumentality thereof;
- (ee) **“PNW”** means PNW Apparel Inc.;
- (ff) **“PNW Loans”** has the meaning ascribed to in Section 2.03;
- (gg) **“PNW Shareholders”** means the parties set out in Schedule 2.07(d);
- (hh) **“Public Record”** means the information relating to LRDS contained in all press releases, material change reports, financial statements and related management’s discussion and analysis, information circulars and all other documents of LDS which have been filed on the System for Electronic Document Analysis and Retrieval (SEDAR);
- (ii) **“Purchased Shares”** means the shares of PNW that are being purchased pursuant to this agreement, as set forth in the Schedule 2.07(d);
- (jj) **“Purchaser Financial Statements”** has the meaning set forth in Section 2.06(g);
- (kk) **“Reporting Jurisdictions”** means the provinces of British Columbia, Alberta and Ontario;
- (ll) **“Tax Act”** means the *Income Tax Act* (Canada), as amended from time to time;
- (mm) **“Third Party”** has the meaning ascribed to it in Section 7.08(d);
- (nn) **“Third Party Claim”** has the meaning ascribed to it in Section 7.06;
- (oo) **“Time of Closing”** means 9:00 a.m. (Vancouver time) on the Closing Date, or such other time as the Parties may mutually determine;
- (pp) **“Transaction”** means the full the purchase and sale of the Purchased Shares in accordance with the terms of this Agreement; and

(qq) “**Vendors**” means the PNW Shareholders together with PNW.

**1.02 Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada (\$) unless otherwise specified.

**1.03 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into articles, sections and other portions and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section, Schedule or a Schedule or Exhibit refers to the specified Article or Section of, or Schedule, Schedule or Exhibit to this Agreement.

**1.04 Number, etc.**

Unless the subject matter or context requires the contrary, words importing the singular number only will include the plural and vice versa; words importing the use of any gender will include all genders and words importing persons will include natural persons, firms, trusts, partnerships, and corporations. The word “including” will not be construed as limiting the general term or statement immediately preceding.

**1.05 Date for Any Action**

In the event that any date on which any action is required or permitted to be taken hereunder by any person is not a Business Day, such action will be required to be taken on the next succeeding day which is a Business Day.

**1.06 Statutory References**

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

**1.07 Knowledge**

- (a) Any reference herein to “the knowledge of LRDS” (or similar expressions) will be deemed to mean the actual knowledge of any of the executive officers of LRDS, together with the knowledge such persons would have had if they had conducted a diligent inquiry into the relevant subject matter.
- (b) Any reference herein to “the knowledge of PNW”, “the knowledge of the PNW Shareholders”, or “the knowledge of the Vendors” (or similar expressions) will be deemed to mean the actual knowledge of the PNW Shareholders or any of the executive officers of PNW, together with the knowledge such persons would have had if they had conducted a diligent inquiry into the relevant subject matter.

**ARTICLE II  
PURCHASE OF SHARES**

**2.01 Agreement Purchase**

The PNW Shareholders agrees to sell and LRDS agrees to buy the Purchased Shares on the terms and conditions contained in this Agreement.

**2.02 Purchase Price**

The total purchase price will be comprised of the Consideration Shares and will be paid as follows:

- (a) Issuing to the PNW Shareholders an aggregate of 22,000,000 LRDS Shares (the "**Consideration Shares**") within 5 business days from the date of closing.

The Consideration Shares will be distributed to the PNW Shareholders *pro rata* to the percentage of Purchased Shares held by them.

**2.03 PNW Liabilities.**

In addition to the purchase price payable pursuant to Section 2.02 above, LRDS agrees to repay PNW's outstanding loans of \$255,000 owing to certain creditors of PNW as Disclosed by PNW to LRDS (the "**PNW Loan**") within 180 days of the Closing Date.

**2.04 Withholding**

Each of LRDS and PNW (and their respective successors) will be entitled to deduct and withhold from any amounts payable under this Agreement to the PNW Shareholders such amount as LRDS or PNW is required to deduct and withhold under applicable tax Laws, or pursuant to other applicable judgments, decrees, injunctions, or orders, with respect to the making of such payment. To the extent that amounts are so withheld by LRDS and timely paid over to the proper Governmental Authority, such withheld amounts will be treated for all purposes of this Agreement as having been paid to the PNW Shareholders hereunder.

**2.05 Tax Election**

It is intended that the Transaction will constitute a transaction that the PNW Shareholders who are Canadian residents may elect to treat on a tax deferral basis pursuant to Section 85.1 of the Tax Act by treating the transaction as a rollover in its income tax return for the year in which the exchange occurred by not including in income any portion of the gain or loss which would otherwise have arisen on such PNW Shareholder's exchanged Purchased Shares. LRDS shall not take any action that would interfere with any Canadian resident PNW Shareholder's ability to make the aforementioned election pursuant to Section 85.1 of the Tax Act.

Notwithstanding the foregoing paragraph, LRDS agrees that, at the request and expense of any PNW Shareholder, it shall sign and execute a Form T2057 prepared by said PNW Shareholder for the purpose

of making a joint election to have the provisions of subsection 85(1) of the Tax Act apply to the transfer. It shall be the responsibility of the PNW Shareholder making the request to prepare and file the Form T2057 with the Canada Revenue Agency. LRDS shall not be liable for any damages arising to a PNW Shareholder for a late filing of a Form T2057 or any errors or omissions on a Form T2057.

Notwithstanding anything contained in this Agreement, LRDS does not assume and shall not be liable for any taxes under the Tax Act or any other amount whatsoever which may be or become payable by the PNW Shareholders including, without limiting the generality of the foregoing, any taxes resulting from or arising as a consequence of the sale by a PNW Shareholder to LRDS of the Purchased Shares herein contemplated, or the availability (or lack thereof) of the provisions of subsection 85(1) of the Tax Act, or the content or impact of any election made under subsection 85(1) of the Tax Act.

## **2.06 Representations and Warranties of LRDS**

Except as Disclosed, LRDS represents and warrants to and in favor of each of the Vendors as follows and acknowledges that such Parties are relying upon such representations and warranties in connection with the transactions contemplated herein:

- (a) **Incorporation and Qualification.** LRDS is a corporation validly existing and in good standing under the Laws of the Province of British Columbia and is duly registered, licensed or qualified to carry on business as an extra-provincial or foreign corporation under the Laws of the jurisdictions in which the nature of its business makes such registration, licensing, or qualification necessary;
- (b) **Corporate Power and Capacity.** LRDS has the corporate power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder, to own and lease its Assets, and to carry on its businesses as now being conducted;
- (c) **Execution and Binding Obligation.** This Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the time of delivery, duly authorized, executed and delivered by LRDS and each is, or will be at the time of delivery, a legal, valid, and binding obligation of LRDS, enforceable against LRDS in accordance with its terms;
- (d) **Validity and Enforceability.** The execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the constating documents of LRDS or of any resolutions of the directors or shareholders of LRDS, (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an Encumbrance upon any material agreement, license or permit to which LRDS is a party or by which LRDS is bound or to which any material assets or Assets of LRDS is subject, or (iii) violate any provision of any law applicable to LRDS;
- (e) **Authorized and Issued Capital.** The authorized capital of LRDS consists of an unlimited number of LRDS Shares, of which, as of the date hereof, 28,880,990 LRDS Shares are issued and outstanding as fully paid and non-assessable;
- (f) **Consideration Shares.** When issued in accordance with the terms hereof, the Consideration Shares will be validly issued as fully paid and non-assessable LRDS Shares;

- (g) **Financial Statements.** The most recent financial statements of LRDS disclosed in the Public Records (the “**Purchaser Financial Statements**”) have been prepared in accordance with IFRS applied on a basis consistent with prior periods. The Purchaser Financial Statements are true, correct, and complete and present fairly the assets, liabilities (whether accrued, absolute, contingent, or otherwise) and financial condition of LRDS as at the respective dates thereof and results of operations of LRDS for the respective periods then ended. Since the Effective Date, there has been no material alteration in the manner of keeping the books, accounts, or records of LRDS or in its accounting policies or practices;
- (h) **Contractual Consents and Approvals.** There are no waivers, consents, notices, or approvals required to be given or obtained by LRDS in connection with Transaction contemplated by this Agreement under any Contract to which LRDS is a party;
- (i) **Government Consents and Approvals.** Other than the approval of the CSE, if required, no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over LRDS is required to be obtained by LRDS in connection with the execution and delivery of this Agreement or the consummation of the Transaction, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent LRDS from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on LRDS;
- (j) **Litigation.** There is no suit, action or proceeding or, to the knowledge of LRDS, pending or threatened against LRDS that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on LRDS, and there is no judgment, decree, injunction, rule or order of any Governmental Authority with jurisdiction over LRDS outstanding against LRDS causing, or which could reasonably be expected to cause, a Material Adverse Effect on LRDS;
- (k) **Government Investigation.** LRDS has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified LRDS of such Governmental Authority’s intention to commence or to conduct any investigation, that could be reasonably likely to have a Material Adverse Effect on LRDS;
- (l) **No Brokers or Finders.** LRDS has not authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement that in any manner may or will impose liability on the Vendors;
- (m) **Public Disclosure Record.** The documents and information comprising the Public Record filed by LRDS, as at the respective dates they were filed, were in compliance in all material respects with applicable Canadian securities laws and, where applicable, the rules and policies of the CSE and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.



## **2.07 Representations and Warranties Relating to the PNW Shareholders**

Each of the PNW Shareholders severally represents and warrants to LRDS as follows and acknowledges that LRDS is relying on such representations and warranties in connection with the transactions contemplated herein:

- (a) **Legal Capacity and Competence.** Each PNW Shareholder that is an individual has the legal capacity and competence to enter and to execute this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, and to perform its obligations hereunder and thereunder. Each PNW Shareholder that is not an individual has such corporate power and authority to own and hold its PNW Shares and to enter and to execute this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, and to perform its obligations hereunder and thereunder;
- (b) **Execution and Binding Obligation.** This Agreement has been, and each additional agreement or instrument required to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by the PNW Shareholder and each is, or will be at the Time of Closing, a legal, valid, and binding obligation of the PNW Shareholder, enforceable against the PNW Shareholder in accordance with its terms;
- (c) **Validity and Enforceability.** The execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an Encumbrance upon any material Contract, license or permit to which any PNW Shareholder is a party or by which any PNW Shareholder is bound or to which any material assets or Assets of any PNW Shareholder is subject, or the constating documents of any PNW Shareholder that is not individual, (ii) result in the creation of an Encumbrance on any of the Purchased Shares (other than Encumbrances for taxes not yet due and payable), (iii) give any party to any Contract to which any PNW Shareholder is a party or otherwise bound the right to revoke, renegotiate, withdraw, suspend, cancel, terminate or modify such Contract, or (iv) violate any provision of any law applicable to the PNW Shareholders;
- (d) **Ownership of Shares.** Each PNW Shareholder is the registered and beneficial owner of that number of PNW Shares as is set out opposite his name in Schedule 2.07(d) attached hereto, and that such PNW Shares are held with good and marketable title, free and clear of all Encumbrances of any nature whatsoever;
- (e) **Agreement to Acquire PNW Shares.** Except for LRDS's rights hereunder, no person has any agreement or option or any right or privilege capable of becoming an agreement for the purchase of the Purchased Shares and none of the Purchased Shares are subject to any voting trust, shareholders agreement, voting agreement or other agreement with respect to the disposition or enjoyment of any rights of such shares;
- (f) **Government Consents and Approvals.** No consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over the PNW Shareholders is required to be obtained by the PNW Shareholders in connection with the execution and delivery of this Agreement or the consummation of the Transaction, except for

those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent the PNW Shareholders from performing its obligations under this Agreement;

- (g) **Insolvency and Bankruptcy.** No PNW Shareholder is an insolvent person within the meaning of any applicable Laws and no PNW Shareholder has made an assignment in favor of creditors or a proposal in bankruptcy to creditors or any class thereof. No petition for a receiving order has been presented in respect of any PNW Shareholder and no PNW Shareholder has initiated proceedings with respect to a compromise or arrangement with creditors;
- (h) **Litigation.** There is no suit, action or proceeding or, to the knowledge of the PNW Shareholders, pending or threatened against any one of the PNW Shareholders that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on any PNW Shareholder, and there is no judgment, decree, injunction, rule or order of any Governmental Authority with jurisdiction over any PNW Shareholder outstanding against such PNW Shareholder causing, or which could reasonably be expected to cause, a Material Adverse Effect on such PNW Shareholder; and
- (i) **Residency.** Each PNW Shareholder is a resident of the jurisdiction indicated in Schedule 2.05(d). The PNW Shareholders are each acquiring LRDS Shares in exchange for the Purchased Shares as principal and not as agent and are each acquiring the LRDS Shares for investment purposes only and not with a view to resale or distribution.

## **2.08 Representations and Warranties Relating to PNW**

Each of the Core Shareholders and PNW jointly and severally represent and warrant to LRDS as follows and acknowledge that LRDS is relying on such representations and warranties in connection with the transactions contemplated herein:

- (a) **Incorporation and Qualification.** PNW is a corporation validly existing and in good standing under the Laws of the Province of British Columbia and is duly registered, licensed or qualified to carry on business as an extra-provincial or foreign corporation under the Laws of the jurisdictions in which it currently conducts business where the nature of its business makes such registration, licensing, or qualification necessary;
- (b) **Subsidiaries.** PNW has one (1) subsidiary, such subsidiary being LGMC of Gastown Motorcycle Company Inc., a company existing under the laws of British Columbia.
- (c) **Constating Documents.** PNW has provided to LRDS a complete and correct copy of its constating and governing documents and such constating and governing documents will, at the Time of Closing, be in full force and effect without any material amendments thereto;
- (d) **Corporate Power and Capacity.** PNW has the corporate power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder, to own and lease the Assets, and to carry on its businesses as now being conducted;

- (e) **Execution and Binding Obligation.** This Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by PNW and is, or will be at the Time of Closing, a legal, valid, and binding obligation of PNW, enforceable against PNW in accordance with its terms;
- (f) **Ownership of Assets.** PNW is the sole beneficial owner of all right, title, and interest in and to the Assets, free and clear of any Encumbrance and PNW has the exclusive right to deal with the Assets;
- (g) **No Third-Party Interest.** No person other than PNW has any interest in the Assets or the production or profits therefrom or any royalty in respect thereof or any right to acquire any such interest that would reasonably be expected to have a Material Adverse Effect on PNW;
- (h) **No Third-Party Rights.** No person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming an agreement, option, understanding or commitment for the purchase from PNW of the Assets;
- (i) **Unfettered Interest.** There are no options, back-in rights, earn-in rights, rights of first refusal or similar provisions or rights which would affect PNW's interest in the Assets;
- (j) **No Assets Restrictions.** There are no material restrictions on the ability of PNW to use, transfer or exploit the Assets, except pursuant to the applicable law;
- (k) **No Government Notice.** PNW has not received any notice, whether written or oral, from any Governmental Authority of any revocation or intention to revoke any interest of PNW in the Assets;
- (l) **Validity and Enforceability.** The execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the notice of articles or articles of PNW or of any resolutions of the directors or shareholders of PNW, (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any Material Contract, license or permit to which PNW is a party or by which PNW is bound or to which the Assets is subject, (iii) give any party to any Contract to which PNW is a party or otherwise bound the right to revoke, renegotiate, withdraw, suspend, cancel, terminate or modify such Contract, or (iii) violate any provision of any law applicable to PNW;
- (m) **Authorized and Issued Capital.** The authorized share capital of PNW consists of an unlimited number of voting Common Shares without par value, of which 78,690,000 common shares are issued and outstanding and fully paid and non-assessable shares of PNW. The Purchased Shares represent all of the issued and outstanding shares of PNW and the PNW Shareholders are the sole securityholders of PNW;
- (n) **No Options.** No person, other than pursuant to this Agreement, has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, options, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any unissued shares or other securities of PNW;

- (o) **No Related Party Transactions.** there are no related-party transactions or off-balance sheet structures or transactions with respect to PNW;
- (p) **No Liabilities.** At and following the Time of Closing, except as Disclosed and including the PNW Loans, no amounts are owing or payable by PNW and PNW has no liabilities or contingent liabilities that could reasonably be expected to have a Material Adverse Effect on PNW. True and complete copies of all Contracts pertaining to the PNW Loans have been provided by PNW to LRDS;
- (q) **No Indemnification or Guarantees.** PNW is not a party to, or bound by, any agreement of guarantee, indemnification, assumption, or endorsement or any like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;
- (r) **Dividends.** PNW has not made any distribution by way of dividend, distribution of Assets or assets, return of capital or otherwise to or for the benefit of its shareholders other than as Disclosed to LRDS;
- (s) **Material Adverse Changes.** Since the Effective Date, there has been no material adverse change in the condition (financial or otherwise), assets, liabilities, operations, earnings, or business of PNW;
- (t) **Material Contracts.** Other than this Agreement, PNW is not party to or bound by any other Material Contract, whether oral or written, and each Material Contract is in full force and effect, unamended, and there exists no default, warranty claim or other obligation or liability or event, occurrence, condition or act (including the purchase and sale of the Purchased Shares hereunder) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default, or give rise to a warranty claim or other obligation or liability thereunder. To the knowledge of PNW, it has not violated or breached, in any material respect, any of the terms or conditions of any of its Material Contracts and all the covenants to be performed by any other party thereto have been fully and properly performed;
- (u) **No Third-Party Consents.** There are no waivers, consents, notices, or approvals required to be given or obtained by PNW in connection with the Transaction contemplated by this Agreement under any Contract to which either is a party;
- (v) **Government Consents and Approvals.** No consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over PNW is required to be obtained by PNW in connection with the execution and delivery of this Agreement or the consummation of the Transaction, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent PNW from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on PNW;
- (w) **Litigation.** There is no suit, action or proceeding or, to the knowledge of the Vendors, pending or threatened against PNW that, individually or in the aggregate, could reasonably be expected to

have a Material Adverse Effect on PNW, and there is no judgment, decree, injunction, rule or order of any Governmental Authority with jurisdiction over PNW outstanding against PNW causing, or which could reasonably be expected to cause, a Material Adverse Effect on PNW;

- (x) **Permits, Licenses and Approvals.** PNW has made all filings, applications and registrations with, applicable Governmental Authorities that are required in order to permit it to carry on its business as presently conducted, except for such permits, licenses, certificates, orders, filings, applications and registrations, the failure to have or make, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on PNW, and all such permits, licenses, certificates of authority, orders and approvals are in good standing in all material respects and PNW has no reason to expect that such permits, licenses, certificates of authority, orders and approvals may be suspended, revoked, subject to a material change in applicable condition or not renewed upon expiration;
- (y) **Tax Returns.** PNW 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 PNW 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. PNW 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;
- (z) **Government Investigation.** PNW has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified PNW of such Governmental Authority's intention to commence or to conduct any investigation that could be reasonably likely to have a Material Adverse Effect on PNW;
- (aa) **Taxes.** PNW has not requested, entered into any agreement or other arrangement, or executed any waiver providing for, any extension of time within which:
  - (i) to file any tax return;
  - (ii) to file any elections, designations or similar filings relating to taxes;
  - (iii) it is required to pay or remit any taxes or amounts on account of taxes; or
  - (iv) any tax authority may assess or collect taxes;
- (bb) **Third Party Taxes.** PNW has not entered into any agreement with, or provided any undertaking to, any person pursuant to which it has assumed liability for the payment of taxes owing by such person;
- (cc) **International Taxes.** PNW has never been required to file any tax return with and has never been liable to pay any taxes to, any tax authority outside Canada;

(dd) **Employees.**

- (i) PNW has three hourly time employees, and one wholesale contractor who is engaged on a commission-only basis.
- (ii) PNW has no employee benefit plans in place;
- (iii) 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 Contract 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 PNW;
- (iv) PNW 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;
- (v) PNW has withheld all amounts required by applicable law or by agreement to be withheld by it from the wages or salaries of, and other payments to, employees;
- (vi) PNW is not liable for any arrears of wages, Taxes or any penalty for failure to comply with any of the foregoing;
- (vii) PNW is not liable for any payment to any trust or other fund or to any Governmental Authority 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);
- (viii) PNW has paid its employees with all wages, benefits, bonuses, incentives and all other compensation that are, or have become, due and payable through to the Closing; and
- (ix) PNW 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.

- (ee) **Corporate Records.** The Corporate Records of PNW are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all applicable Laws and with the constating documents of PNW, and without limiting the generality of the foregoing: (i) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders of PNW; (ii) the minute books contain all written resolutions passed by the directors and shareholders of PNW; (iii) the share certificate books, register of shareholders and register of transfers of PNW are complete and accurate, and all such transfers have been duly completed and approved; and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers of PNW were duly elected or appointed as the case may be;

- (ff) **Books and Records.** All Books and Records of PNW have been fully, properly, and accurately kept and, where required, completed in accordance with generally accepted accounting principles, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein that could reasonably be expected to have a Material Adverse Effect on PNW;
- (gg) **Privacy Law Compliance.** To the knowledge of PNW, it has conducted and is conducting the business in compliance, in all material respects, with all applicable privacy Laws, including in connection with its collection, use and disclosure of personal information. PNW has not received any written complaint or notice of any breach or violation by it of any such privacy Laws;
- (hh) **No Brokers or Finders.** PNW has not authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement; and
- (ii) **Bank Accounts and Investments.** PNW a bank account at TD Bank, Coal Harbor branch, and no savings accounts, certificates of deposit or safety deposit boxes.

### **2.09 Survival of Representations and Warranties**

- (a) The representations and warranties contained in this Agreement, or any document or certificate given pursuant hereto will survive the Closing of the Transaction until the date that is one year from the date of Closing. No claim for breach of any representation, warranty or covenant will be valid unless that Party against whom such claim is made has been given notice thereof before the expiry of such one-year period; and
- (b) Notwithstanding the foregoing, the representations and warranties contained in Sections 2.08(a), 2.08(c), 2.06(c), 2.08(d), 2.08(e), 2.08(f), 2.08(i), 2.07(i), 2.08(m), 2.07(z), 2.07(bb), 2.07(cc) and 2.07(dd) of this Agreement hereto will survive the Closing of the Transaction indefinitely, and the representations and warranties contained in Section 2.08(y) for of this Agreement hereto will survive the Closing of the Transaction for as long as the relevant governmental authority (including the Canada Revenue Agency) can assess or reassess LRDS in respect of the purchase of the Purchased Shares.

## **ARTICLE III RIGHTS AND OBLIGATIONS DURING INTERIM PERIOD**

### **3.01 Rights and Obligations of LRDS**

Until the Closing, LRDS will:

- (a) not do any act or thing which would or might cause a representation or warranty to not be true or diminish the value of the LRDS Shares other than in accordance with the terms of this Agreement.

### **3.02 Obligations of the Vendors**

Until the Closing, the Vendors will:

- (a) not do any act or thing which would or might cause a representation or warranty to not be true or diminish the value of the Assets other than in accordance with the terms of this Agreement; and
- (b) promptly provide LRDS with all notices and correspondence from government agencies in respect of the Assets.

## **ARTICLE IV COVENANTS**

### **4.01 Mutual Covenants**

Each of the Parties hereby covenants and agrees as follows:

- (a) to use commercially reasonable efforts to obtain, before the Time of Closing, all authorizations, waivers, exemptions, consents, orders, and other approvals from domestic or foreign courts, Governmental Authorities, shareholders and third-parties as are necessary for the consummation of the Transactions contemplated herein;
- (b) to use commercially reasonable efforts to defend or cause to be defended any lawsuits or other legal proceedings brought against it or them, as applicable challenging this Agreement or the completion of the Transaction. No Party will settle or compromise any claim brought against them in connection with the transactions contemplated by this Agreement prior to the Closing Date without the prior consent of each of the others, such consent not to be unreasonably withheld or delayed;
- (c) to promptly notify each of the other Parties if any representation or warranty made by it or them, as applicable, in this Agreement ceases to be true and correct in all respects and of any failure to comply with any of its obligations under this Agreement;
- (d) to co-operate with each of the other Parties hereto in good faith to ensure the timely completion of the Transaction; and
- (e) to use commercially reasonable efforts to co-operate with each of the other Parties hereto in connection with the performance by the other of its obligations under this Agreement.

### **4.02 Covenants of LRDS**

LRDS covenants and agrees with PNW and the PNW Shareholders that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VII, it will:

- (a) except for non-substantive communications, furnish promptly to PNW a copy of each notice, report, schedule or other document or communication delivered, filed, or received by LRDS in connection with or related to the Transaction or the Assets and any filings under applicable Laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction or the Assets as contemplated herein;



- (b) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the Transaction, including using commercially reasonable efforts to:
  - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements, and other Contracts;
  - (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be affected by it in connection with the Transaction and participate and appear in any proceedings of either PNW or LRDS before any Governmental Authority to the extent permitted by such authorities; and
  - (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction;
- (c) subject to applicable Laws, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (d) conduct and operate its business and affairs only in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other persons and, for greater certainty, it will not enter into any material transaction out of the ordinary course of business consistent with past practice without the prior consent of PNW, and LRDS will keep PNW fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third-party for which a waiver could not be obtained using commercially reasonable efforts;
- (e) except as may be necessary or desirable to effect the Transaction as contemplated hereunder, not alter or amend its notice of articles or articles as the same exist at the date of this Agreement;
- (f) not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets (including the Assets or any part thereof) as an entirety or substantially as an entirety to, any other person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement, and without limiting the generality of the foregoing, it will not, without the prior written consent of PNW:
  - (i) make any distribution by way of dividend, distribution of Assets or assets, return of capital or otherwise to or for the benefit of its shareholders;
  - (ii) increase or decrease its paid-up capital or purchase or redeem any shares;

- (iii) issue or enter any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire any such shares; or
- (iv) enter into any Material Contracts;
- (g) not make any material changes in financial or tax accounting methods, principles, or practices (or change an annual accounting period), except insofar as may be required by a change in applicable Law;
- (h) take all necessary corporate action and proceedings to approve and authorize the issuance of the Consideration Shares to the PNW Shareholders;
- (i) prepare and file with all applicable government bodies such notifications and fees necessary to permit, or that are required in connection with, the issuance of the Consideration Shares to the PNW Shareholders; and

#### **4.03 Covenants of PNW**

PNW covenants and agrees with LRDS that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VII, it will:

- (a) except for non-substantive communications, furnish promptly to LRDS a copy of each notice, report, schedule or other document or communication delivered, filed, or received by PNW in connection with or related to the Transaction or the Assets and any filings under applicable Laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction or the Assets as contemplated herein;
- (b) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the Transaction, including using commercially reasonable efforts to:
  - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements, and other Contracts;
  - (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be affected by it in connection with the Transaction and participate and appear in any proceedings of either PNW or LRDS before any Governmental Authority to the extent permitted by such authorities; and
  - (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction;
- (c) subject to applicable Laws, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;

- (d) conduct and operate its business and affairs only in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other persons and, for greater certainty, it will not enter into any material transaction out of the ordinary course of business consistent with past practice without the prior consent of LRDS, and PNW will keep LRDS fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third-party for which a waiver could not be obtained using commercially reasonable efforts;
- (e) except as may be necessary or desirable to effect the Transaction as contemplated hereunder, not alter or amend its notice of articles or articles as the same exist at the date of this Agreement;
- (f) not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets (including the Assets or any part thereof) as an entirety or substantially as an entirety to, any other person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement, and without limiting the generality of the foregoing, it will not, without the prior written consent of LRDS:
  - (i) make any distribution by way of dividend, distribution of Assets or assets, return of capital or otherwise to or for the benefit of its shareholders;
  - (ii) increase or decrease its paid-up capital or purchase or redeem any shares;
  - (iii) issue or enter any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire any such shares; or
  - (iv) enter into any Material Contracts;
- (g) not make any material changes in financial or tax accounting methods, principles, or practices (or change an annual accounting period), except insofar as may be required by a change in applicable Law; and
- (h) take all necessary corporate action and proceedings to approve and authorize the valid and effective transfer of the Purchased Shares to LRDS.

#### **4.04 Covenants of the PNW Shareholders**

Each of the PNW Shareholders covenants and agrees with LRDS, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VII, he will:

- (a) except for non-substantive communications, furnish promptly to LRDS a copy of each notice, report, schedule or other document or communication delivered, filed, or received by such PNW Shareholders in connection with or related to the Transaction, any filings under applicable Laws

and any dealings with any Governmental Authority in connection with or in any way affecting, the Transaction as contemplated herein;

- (b) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to any of the Parties' obligations set forth in this Agreement to the extent the same are within his control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the Transaction, including using commercially reasonable efforts to:
  - (i) obtain all necessary waivers, consents and approvals required to be obtained by him from other parties to loan agreements, leases, licenses, agreements, and other Contracts;
  - (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by him in connection with the Transaction; and
  - (iii) fulfil all conditions and satisfy all provisions of this Agreement and the Transaction;
- (c) subject to applicable Laws, not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (d) not sell, assign, transfer or otherwise dispose of or encumber in any manner the Purchased Shares held by it, and will ensure that at the Time of Closing the Purchased Shares held by it are free and clear of all Encumbrances; and
- (e) use its best efforts to cause PNW to perform and comply with all the terms, covenants, and conditions of this Agreement to be complied with or performed by PNW at or before the Time of Closing.

The PNW Shareholders covenant and agree with LRDS that following the Closing Date, they will, at LRDS's cost, assist and cooperate with PNW in the preparation of any financial or tax related statements or forms of PNW covering periods prior to the Closing Date that are required to be filed by LRDS pursuant to applicable Laws. The PNW Shareholders acknowledge that LRDS may be required to file with securities regulatory authorities a business acquisition report that includes financial statements of PNW within 120 days of the Closing Date.

## **ARTICLE V CLOSING CONDITIONS**

### **5.01 Closing Conditions in Favor of LRDS**

The obligations of LRDS to complete the Transaction, or any part thereof, are subject to the fulfillment of the following conditions:

- (a) the Vendors will have tendered all closing deliveries set forth in Sections 6.03 including delivery of the Purchased Shares, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers;
- (b) all consents, waivers, permits, orders and approvals of all Governmental Authorities or other persons necessary to permit the completion of the Transaction will have been obtained;
- (c) the representations and warranties of the Vendors set forth in this Agreement will have been true and correct as of the date hereof and will be true and correct at the Time of Closing in all respects, except as affected by the transactions contemplated by this Agreement, and a certificate signed by a senior officer of PNW to this effect will have been delivered to LRDS; and
- (d) all the terms, covenants, and conditions of this Agreement to be complied with or performed by Vendors at or before the Time of Closing will have been complied with or performed and a certificate signed by a senior officer of PNW to this effect will have been delivered to LRDS.

#### **5.02 Closing Conditions in Favor of the Vendors**

The obligations of the Vendors to complete the Transaction are subject to the fulfillment of the following conditions on or before the Time of Closing:

- (a) LRDS will have tendered all closing deliveries set forth in Section 6.02 including delivery of the Consideration Shares;
- (b) all consents, waivers, permits, orders and approvals of all Governmental Authorities or other persons necessary to permit the completion of the Transaction will have been obtained;
- (c) the representations and warranties of LRDS set forth in this Agreement will have been true and correct as of the date hereof and will be true and correct at the Time of Closing in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier), except as affected by the transactions contemplated by this Agreement, and a certificate of a senior officer of LRDS to this effect will have been delivered to the Vendors; and
- (d) all the terms, covenants, and conditions of this Agreement to be complied with or performed by LRDS at or before the Time of Closing will have been complied with or performed and a certificate of a senior officer of LRDS to this effect will have been delivered to the Vendors.

The foregoing conditions precedent are for the benefit of the Vendors and may be waived by the Vendors, in whole or in part, without prejudice to the Vendors' rights to rely on any other condition in favor of Vendors.

#### **5.03 Notice and Cure Provisions**

Each Party will give prompt notice to the other Parties hereto of the occurrence, or failure to occur, at any time from the date hereof until the Closing Date, of any event or state of facts which occurrence or failure would or would be likely to:

- (a) cause any of the representations or warranties of any Party contained herein to be untrue or inaccurate; or
- (b) result in the failure by any Party to comply with or satisfy any covenant, condition, or agreement to be complied with or satisfied by such Party hereunder prior to the Closing Date.

Subject to Article VII, no Party may elect not to complete the Transaction as contemplated herein as a result of the non-fulfillment of the conditions contained in Sections 5.01 or 5.02, as applicable, unless the Party intending to rely thereon has delivered a notice to the other Parties hereto prior to the Time of Closing specifying, in reasonable detail, all breaches of representations and warranties or covenants or other matters which the Party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition precedent.

## **ARTICLE VI CLOSING ARRANGEMENTS**

### **6.01 Time and Place of Closing**

Closing of the Transaction will take place at the Time of Closing at the offices of PNW, having an address at 14783 Marine Drive, White Rock, BC, V4B 1B9 or at such other time or at such other location as may be mutually agreed upon by the Parties hereto. Notwithstanding the location of the Closing, the Closing may be completed by undertakings or the email exchange of documents between the respective legal counsel for the Parties, provided such undertakings and exchanges are satisfactory to each Party's respective legal counsel.

### **6.02 Closing Deliveries of LRDS**

On the Closing Date, LRDS will deliver or cause to be delivered:

- (a) evidence that the Consideration Shares have been issued to the PNW Shareholders;
- (b) a certificate of one of LRDS's senior officers, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the constating documents of LRDS (and all amendments thereto as in effect as on such date); (ii) all resolutions of the board of directors of LRDS approving the entering into of this Agreement and all ancillary agreements contemplated herein and the completion of the Transaction, including the issuance of the Consideration Shares; and (iii) as to the incumbency and genuineness of the signature of each officer of LRDS executing this Agreement or any of the other agreements or documents contemplated hereby;
- (c) the officer's certificates referred to in Sections 5.02(c) and 5.02(d); and
- (d) a certificate of good standing for LRDS.

### **6.03 Closing Deliveries of PNW and the PNW Shareholders**

At the Time of Closing, the Vendors will deliver or cause to be delivered:

- (a) share certificate(s) evidencing the Purchased Shares, registered in the name of LRDS;

- (b) a certified copy of the register of shareholders of PNW (or its nominee) showing LRDS as the holder of the Purchased Shares;
- (c) a certificate of one of PNW's senior officers, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the constating documents of PNW (and all amendments thereto as in effect as on such date); (ii) all resolutions of the board of directors of PNW approving the entering into of this Agreement and the completion of the Transaction; and (iii) as to the incumbency and genuineness of the signature of each officer of PNW executing this Agreement or any of the other agreements or documents contemplated hereby;
- (d) the minute books of PNW and all Books and Records of PNW;
- (e) a resignation effective as at the Closing from each director and officer of PNW;
- (f) releases in favor of PNW from each resigning director and officer of PNW;
- (g) the officer's certificates referred to in Sections 5.01(c) and 5.01(d); and
- (h) a certificate of good standing for PNW.

**ARTICLE VII  
TERMINATION AND INDEMNIFICATION**

**7.01 Termination**

This Agreement may be terminated at any time (the "**Termination Date**") prior to the Closing:

- (a) by mutual consent of all the Parties;
- (b) by LRDS, if there has been a breach by the Vendors of any representation, warranty, covenant or agreement of the Vendors, as applicable, set forth in this Agreement or any of the documents contemplated hereby, which breach would result in the failure to satisfy one or more of the conditions set forth in Section 5.01, which the Vendors or respective Vendor, as applicable, fails to cure within ten (10) Business Days after notice thereof is given by LRDS;
- (c) by any of the Vendors, if there has been a breach by LRDS of any representation, warranty, covenant or agreement of LRDS set forth in this Agreement or any of the documents contemplated hereby, which breach would result in the failure to satisfy one or more of the conditions set forth in Section 5.02, which LRDS fails to cure within ten (10) Business Days after notice thereof is given by either of any of the Vendors, as applicable; or
- (d) by any Party, if any permanent injunction or other order of a court or other competent authority preventing the Closing will have become final and non-appealable; provided that no Party will be entitled to terminate this Agreement if such Party's breach of this Agreement or any of the documents contemplated hereby has resulted in such permanent injunction or order.

### **7.02 Effect of Termination**

Upon termination of this Agreement in accordance with the terms hereof, the Parties hereto will have no further obligations under this Agreement, other than the obligations contained in Sections 8.02 and 8.07 which will continue notwithstanding such termination; provided that neither the termination of this Agreement nor anything contained in this Section 7.02 will relieve any Party from any liability for any breach by it or them, as applicable, of this Agreement, including from any inaccuracy in its or their, as applicable, representations and warranties and any non-performance by it or them, as applicable, of their covenants and agreements made herein.

### **7.03 Indemnification by LRDS**

Subject to Section 2.09, LRDS will indemnify and save Vendors harmless for and from:

- (a) any loss, damages or deficiencies suffered by Vendors as a result of any breach of representation, warranty, or covenant on the part of LRDS contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement; and
- (b) all claims, demands, costs and expenses, including legal fees, in respect of the foregoing.

### **7.04 Indemnification by the PNW Shareholders**

Subject to Section 2.09, each PNW Shareholders will indemnify and save LRDS harmless for and from:

- (a) any loss, damages or deficiencies suffered by LRDS as a result of any breach of representation, warranty, or covenant on the part of that respective PNW Shareholder contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement; and
- (b) all claims, demands, costs and expenses, including legal fees, in respect of the foregoing.

### **7.05 Indemnification by PNW**

Subject to Section 2.09, each PNW Shareholders will indemnify and save LRDS harmless for and from:

- (a) any loss, damages or deficiencies suffered by LRDS as a result of any breach of representation, warranty, or covenant on the part of PNW contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement; and
- (b) all claims, demands, costs and expenses, including legal fees, in respect of the foregoing.

### **7.06 Notice of Claim**

A Party entitled to and seeking indemnification pursuant to the terms of this Agreement (the “**Indemnified Party**”) will promptly give notice to the Party or Parties, as applicable, responsible for indemnifying the Indemnified Party (the “**Indemnifying Party**”) of any claim for indemnification pursuant to Sections 7.03 or 7.04 (a “**Claim**”, which term will include more than one Claim). Such notice will 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 will also specify with reasonable particularity (to the extent that the information is available):

- (a) the factual basis for the Claim; and
- (b) the amount of the Claim, or, if any amount is not then determinable, an approximate and reasonable estimate of the likely amount of the Claim.

#### **7.07 Procedure for Indemnification**

- (a) **Direct Claims.** With respect to Direct Claims, following receipt of notice from the Indemnified Party of a Claim, the Indemnifying Party will have 30 days to make such investigation of the Claim as the Indemnifying Party considers necessary or desirable. For the purpose of such investigation, the Indemnified Party will make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim. If the Indemnified Party and the Indemnifying Party agree at or prior to the expiration of such 30-day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party will immediately pay to the Indemnified Party the full agreed upon amount of the Claim; and
- (b) **Third Party Claims.** With respect to any Third-Party Claim, the Indemnifying Party will have the right, at its own expense, to participate in or assume control of the negotiation, settlement, or defense of such Third-Party Claim and, in such event, the Indemnifying Party will reimburse the Indemnified Party for all the Indemnified Party’s out-of-pocket expenses incurred as a result of such participation or assumption. If the Indemnifying Party elects to assume such control, the Indemnified Party will cooperate with the Indemnifying Party, will have the right to participate in the negotiation, settlement or defense of such Third Party Claim at its own expense and will have the right to disagree on reasonable grounds with the selection and retention of counsel, in which case counsel satisfactory to the Indemnifying Party and the Indemnified Party will be retained by the Indemnifying Party. If the Indemnifying Party, having elected to assume such control, thereafter, fails to defend any such Third-Party Claim within a reasonable time, the Indemnified Party will be entitled to assume such control and the Indemnifying Party will be bound by the results obtained by the Indemnified Party with respect to such Third-Party Claim.

#### **7.08 General Indemnification Rules**

The obligations of the Indemnifying Party to indemnify the Indemnified Party in respect of Claims will also be subject to the following:

- (a) any Claim arising as a result of a breach of a representation or warranty will be made not later than the date on which, pursuant to Section 2.09 such representation and warranty terminated;
- (b) the Indemnifying Party’s obligation to indemnify the Indemnified Party will only apply to the extent that the Claims in respect of which the Indemnifying Party has given an indemnity, in the aggregate, exceed \$10,000;
- (c) to the extent permitted by applicable Law, the Parties will treat payments under the indemnification provisions of Article VII as an adjustment to the aggregate monetary value of the Consideration Shares;

- (d) if any Third Party Claim is of a nature such that the Indemnified Party is required by applicable Law to make a payment to any person (a **“Third Party”**) with respect to such Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnified Party may make such payment and the Indemnifying Party will, forthwith after demand by the Indemnified Party, reimburse the Indemnified Party for any such payment. If the amount of any liability of the Indemnified Party under the Third-Party Claim in respect of which such a 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 will, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party;
- (e) except in the circumstance contemplated by Section 7.08(f), and whether or not the Indemnifying Party assumes control of the negotiation, settlement or defense of any Third Party Claim, the Indemnified Party will not negotiate, settle, compromise or pay any Third Party Claim except with the prior consent of the Indemnifying Party (which consent will not be unreasonably withheld);
- (f) the Indemnified Party will not permit any right of appeal in respect of any Third-Party Claim to terminate without giving the Indemnifying Party notice and an opportunity to contest such Third-Party Claim; and
- (g) the Indemnified Party and the Indemnifying Party will cooperate fully with each other with respect to Third Party Claims and will keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available).

## ARTICLE VIII GENERAL

### 8.01 Notices

Any notice, consent, waiver, direction, or other communication required or permitted to be given under this Agreement (each, a **“notice”**) will be in writing addressed as follows:

- (a) if to LRDS:
  - Lords and Company Worldwide Holdings Inc.
  - Address: **[REDACTED]**
  - Attention: Chris Farnworth
  - E-mail: **[REDACTED]**
- (b) if to PNW:
  - PNW Apparel Inc.
  - Address: **[REDACTED]**
  - Attention: Aaron Wellman
  - E-mail: **[REDACTED]**

Each notice will be personally delivered to the addressee or sent by e-mail to the addressee and a notice which is personally delivered or sent by email will, if delivered or sent prior to 4:00 p.m. (local time of the recipient) on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the next Business Day. Any notice delivered to PNW in accordance with this Section 8.01 prior to the Time of Closing will be deemed to have been delivered to the PNW Shareholders.

### **8.02 Confidentiality**

- (a) Prior to Closing and, if the Transaction is not completed, at all times thereafter, each of the Parties hereto will keep confidential and refrain from using all information obtained by it or them, as applicable, in connection with the transactions contemplated by this Agreement relating to any other Party hereto, provided however that such obligation will not apply to any information which was in the public domain at the time of its disclosure to a Party or which subsequently comes into the public domain other than as a result of a breach of such Party's obligations under this Section 8.02. From and after the Closing, the provisions of this Section will not apply to or restrict in any manner LRDS's use of any confidential information relating to PNW;
- (b) If this Agreement is terminated, each Party will:
  - (i) destroy all confidential information prepared or generated by the other Parties in connection with this Agreement, without retaining a copy of any such material;
  - (ii) promptly deliver to the other Parties all other confidential information of the other Parties, together with all copies thereof, in the control, custody or possession of such Party or, alternatively, with the consent of the other Parties, destroy all such confidential information; and
  - (iii) certify all such destruction into the other Parties;
- (c) For greater certainty, nothing contained herein will prevent any disclosure of information which may be required pursuant to applicable Laws or pursuant to an order in judicial or administrative proceedings or any other order made by any Governmental Authority.

### **8.03 Assignment**

No Party may assign this Agreement or any rights or obligations hereunder without the prior consent of the other Parties hereto.

### **8.04 Binding Effect**

This Agreement will be binding upon and will endure to the benefit of the Parties hereto and their respective heirs, successors and permitted assigns.

### **8.05 Waiver**

No waiver of any provision of this Agreement will constitute a waiver of any other provision, nor will any waiver constitute a continuing waiver unless otherwise expressly provided.

**8.06 Governing Law**

This Agreement will be governed by and construed and interpreted in accordance with the Laws of the Province of British Columbia and the federal Laws of Canada applicable therein and is to be treated in all respects as a British Columbia contract.

**8.07 Expenses**

Unless otherwise expressly indicated in this Agreement, each Party will be responsible for and bear all of its own costs and expenses (including any legal, accounting, banking, broker's, finder's, consultant's or other fees or expenses) incurred in connection with the Transaction, including fees and expenses of its representatives incurred at any time in connection with pursuing or consummating the Transaction.

**8.08 Time of Essence**

Time is of the essence of this Agreement and of each of its provisions.

**8.09 Public Announcements**

Each of the Parties hereto will co-operate with the other Parties in releasing information concerning this Agreement and the transactions contemplated herein and will furnish to and discuss with the other Parties hereto drafts of all press and other releases prior to publication. No press release or other public announcement concerning the proposed transactions contemplated by this Agreement will be made by any Party hereto without the prior consent of the other Parties, such consent not to be unreasonably withheld or delayed; provided that nothing contained herein will prevent any Party hereto at any time from furnishing any information to any Governmental Authority or to the public if so, required by applicable law.

**8.10 Further Assurances**

Each Party will, upon request but without further consideration, from time to time promptly execute and deliver all further documents and take all further action necessary or appropriate to give effect to and perform the provisions and intent of this Agreement and to complete the transactions contemplated herein.

**8.11 Entire Agreement**

This Agreement, together with the documents required to be delivered pursuant to this Agreement, constitutes the entire agreement among the Parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written, between the Parties hereto with respect to the subject matter hereof. There are no representations, warranties, covenants, or conditions with respect to the subject matter hereof except as contained in this Agreement and any document delivered pursuant to this Agreement.

**8.12 Amendments**

No amendment of any provision of this Agreement will be binding on any Party unless consented to by such Party.

**8.13 Counterparts**

This Agreement may be executed and delivered in one or more counterparts and may be executed and delivered by facsimile or any other electronically communicated method, each of which when executed and delivered will be deemed an original and all of which counterparts together will be deemed to constitute one and the same instrument.

**8.14 Independent Legal Advice**

EACH PARTY ACKNOWLEDGES, CONFIRMS AND AGREES THAT HE OR IT HAS HAD THE OPPORTUNITY TO SEEK AND WAS NOT PREVENTED OR DISCOURAGED BY ANY PARTY HERETO FROM SEEKING INDEPENDENT LEGAL ADVICE PRIOR TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT AND THAT, IN THE EVENT THAT SUCH PARTY DID NOT AVAIL HIMSELF/HERSELF/ITSELF WITH THAT OPPORTUNITY PRIOR TO SIGNING THIS AGREEMENT, SUCH PARTY DID SO VOLUNTARILY WITHOUT ANY UNDUE PRESSURE AND AGREES THAT SUCH PARTY'S FAILURE TO OBTAIN INDEPENDENT LEGAL ADVICE SHALL NOT BE USED BY HIM/IT AS A DEFENCE TO THE ENFORCEMENT OF HIS/HER/ITS OBLIGATIONS UNDER THIS AGREEMENT.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

**IN WITNESS WHEREOF** this Agreement has been executed by the Parties hereto on the Effective Date.

**LORDS AND COMPANY WORLDWIDE HOLDINGS INC.**

by its authorized signatory,

/s/ Chris Farnworth

Chris Farnworth

**VDL TECH LIMITED**

by its authorized signatory,

/s/ Patrick Stephens

Patrick Stephens

**DELONCO LTD.**

by its authorized signatory,

/s/ Chris Bradley

Chris Bradley

**AMALFI CORPORATE SERVICES LTD.**

by its authorized signatory,

/s/ Leah Balderson

Leah Balderson

/s/ Jade Robertson

**JADE ROBERTSON**

**PNW APPAREL INC.**

by its authorized signatory,

/s/ Aaron Wellman

Aaron Wellman

**TENKEN LTD.**

by its authorized signatory,

/s/ Tracey Musgrave

Tracey Musgrave

**CAP WEST HOLDINGS LTD.**

by its authorized signatory,

/s/ Esther Mooney

Esther Mooney

**2205562 AB LTD.**

by its authorized signatory,

/s/ Torre Covenden

Torre Covenden

**1383904 B.C. LTD.**

by its authorized signatory

/s/ Alix Abela

Alix Abela

**CK STRATEGIES INC.**

by its authorized signatory,

*/s/ Colin Karkula*

Colin Karkula

**SERVA CAPITAL CORP.**

by its authorized signatory,

*/s/ Lawrence Hay*

Lawrence Hay

**INFINIMAX CAPITAL INVESTMENTS LTD.**

by its authorized signatory,

*/s/ Dennis Lim*

Dennis Lim

*/s/ Hannah Davies*

**HANNAH DAVIES**

**VANWELL CAPITAL INC.**

by its authorized signatory,

*/s/ Ryan Van Der Lee*

Ryan Van Der Lee

**MSP CONSULTING INC.**

by its authorized signatory,

*/s/ Mike Parmar*

Mike Parmar

**WILD MOUNTAIN CONSULTING CORP.**

by its authorized signatory,

*/s/ Luke Montaine*

Luke Montaine

**1345991 B.C. LTD.**

by its authorized signatory,

*/s/ Daniel Lee*

Daniel Lee

*/s/ Dylan Kelley-Smith*

**DYLAN KELLEY-SMITH**

**SCHEDULE 2.07(d)  
PURCHASED SHARES**

**Shares Distribution Breakdown**

<b>Registration</b>	<b>Email Address</b>	<b>Address</b>	<b>No. of Purchased Shares</b>	<b>No. of LRDS Shares</b>
VDL Tech Limited	[REDACTED]	[REDACTED]	6,250,000	1,747,363
Tenken Ltd.	[REDACTED]	[REDACTED]	6,250,000	1,747,363
Delonco Ltd.	[REDACTED]	[REDACTED]	6,250,000	1,747,363
Cap West Holdings Ltd.	[REDACTED]	[REDACTED]	6,250,000	1,747,363
Amalfi Corporate Services Ltd.	[REDACTED]	[REDACTED]	140,000	39,141
Jade Robertson	[REDACTED]	[REDACTED]	4,462,500	1,247,617
1383904 B.C. Ltd.	[REDACTED]	[REDACTED]	1,785,000	499,047
CK Strategies Inc.	[REDACTED]	[REDACTED]	2,677,500	748,570
MSP Consulting Inc.	[REDACTED]	[REDACTED]	2,677,500	748,570
Serva Capital Corp.	[REDACTED]	[REDACTED]	14,280,000	3,992,376
Wild Mountain Consulting Corp.	[REDACTED]	[REDACTED]	14,280,000	3,992,376
Infinimax Capital Investments Ltd.	[REDACTED]	[REDACTED]	7,140,000	1,996,188



1345991 B.C. Ltd.	[REDACTED]	[REDACTED]	1,785,000	499,047
Hannah Davies	[REDACTED]	[REDACTED]	1,785,000	499,047
Dylan Kelley-Smith	[REDACTED]	[REDACTED]	892,500	249,523
Vanwell Capital Inc.	[REDACTED]	[REDACTED]	892,500	249,523
2205562 AB Ltd.	[REDACTED]	[REDACTED]	892,500	249,523
<b>Total</b>			<b>78,690,000</b>	<b>22,000,000</b>

**SCHEDULE "A"**  
**ASSETS**

**[REDACTED]**