

## SHARE EXCHANGE AGREEMENT

**THIS SHARE EXCHANGE AGREEMENT** (this “**Agreement**”) is made effective as of the 20th day of October, 2017 (the “**Execution Date**”).

**AMONG:**

**KOIOS, LLC**, a limited liability company incorporated under the laws of the State of Colorado and having an address at Unit B, 3799 Williams Street, Denver, CO, USA 80205

(the “**Target**”)

**AND:**

**THE MEMBERS OF THE TARGET**, as listed on Schedule A attached hereto

(collectively, the “**Target Vendors**”)

**AND:**

**SUPER NOVA PETROLEUM CORP.**, a company incorporated under the laws of the Province of British Columbia and having an address at Suite 318, 1199 West Pender Street, Vancouver, BC, Canada V6E 2R1

(the “**Purchaser**”)

**WHEREAS:**

A. The Target Vendors are, as at the date hereof, the registered and beneficial owners of all of the issued and outstanding Target Membership Interests (as defined herein), and will, at the Closing (as defined herein), be the registered and/or beneficial owners of all of the issued and outstanding Target Shares (as defined herein), which will represent all of the issued and outstanding securities of the Target as at the Closing;

B. The Purchaser has made an offer to the Target Vendors to acquire all of the issued and outstanding Target Shares as at the Closing; and

C. Upon the terms and subject to the conditions set forth in this Agreement, the Target Vendors have agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Target Vendors, all of the Target Vendors’ legal and beneficial interest in the Target Shares, such that, following the Closing, all of the securities of the Target (being solely comprised of the Target Shares) will be owned by the Purchaser;

**THIS AGREEMENT WITNESSES** that, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration (the receipt and

sufficiency of which are hereby acknowledged), the Target, the Target Vendors and the Purchaser (each, a “**Party**” and, together, the “**Parties**”) covenant and agree as follows:

**ARTICLE 1**  
**INTERPRETATION**

**1.1 Definitions**

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

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

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

- (a) any direct or indirect acquisition, sale, lease, long-term supply agreement or other arrangement having the same economic effect as a sale of: (i) the assets of the Target that, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of the Target; or (ii) 20% or more of any voting or equity securities of the Target,
- (b) any take-over bid, tender offer or exchange offer for any class of voting or equity securities of the Target,
- (c) a plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, winding-up, dissolution, exclusive license or other similar transaction involving the Target,
- (d) any transaction, the consummation of which could reasonably be expected to impede, interfere with, prevent or materially delay the transactions contemplated by this Agreement, or which could reasonably be expected to materially reduce the benefits to the Purchaser under this Agreement, or
- (e) any other similar transaction or series of transactions involving the Target;

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

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

“**Applicable Laws**” means, with respect to any Person, any domestic (whether federal, state, territorial, 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 Body applicable to such Person or any of its Affiliates or any of their respective properties, assets, Employees, consultants or agents (in

connection with such Employee's, consultant's or agent's activities on behalf of such Person or any of its Affiliates), including Applicable Securities Laws;

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

**"Associate"** means, with respect to any Person: (a) any other Person of which such Person is an officer, director or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities issued by such other Person, (b) any trust or other estate in which such Person has a 10% or greater beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity, and (c) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person or who is a director or officer of such Person or any Affiliate thereof;

**"Bridge Loan"** means the bridge loan in the principal amount of \$75,000 to be advanced to the Target by the Purchaser;

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

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

**"Closing Date"** means the date of the Closing to be mutually agreed to by the Purchaser and the Target, which will not be later than December 31, 2017, or such other date as the Target and the Purchaser may mutually agree in writing;

**"Concurrent Financing"** means the offering of Purchaser Subscription Receipts to be completed by the Purchaser prior to the Closing for gross proceeds of not less than \$2,000,000 (subject to a 20% over-allotment increase available to the Purchaser in its sole discretion), or such greater or lesser amount as may be mutually agreed to in writing by the Purchaser and the Target;

**"Consideration Shares"** means the fully paid and non-assessable Purchaser Shares to be issued to the Target Vendors at the Closing, and **"Consideration Share"** means any one of them;

**"Contract"** means any contract, agreement, option, lease, license, commitment or other instrument of any kind, whether written or oral, to which a Person is a party;

**"CSE"** means the Canadian Securities Exchange;

**"Disclosure Record"** means the disclosure documents of the Purchaser as filed on SEDAR under the Purchaser's profile at [www.sedar.com](http://www.sedar.com);

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

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

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

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

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

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

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

“**GAAP**” means United States generally accepted accounting principles, applied on a consistent basis with prior periods;

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

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

“**Indemnified Party**” has the meaning set forth in Section 12.3(a);

“**Indemnifying Party**” has the meaning set forth in Section 12.3(a);

“**Intellectual Property**” means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the Applicable Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trademarks, service marks, trade names, brand names, logos, slogans, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of, and symbolized by, and all registrations, applications and renewals for, any of the foregoing, (b) internet domain names, whether or not trademarks, web addresses, web pages, websites and related content, URLs and accounts with Twitter, Facebook and other social media companies, and the content found thereon and related thereto, (c) works of authorship, expressions, designs and design registrations, whether or not

copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights, (d) inventions, discoveries, trade secrets, software source code, business and technical information and know-how, databases, data collections and other confidential and proprietary information and all rights therein, (e) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Body-issued indicia of invention ownership (including inventor's certificates, petty patents and patent utility models), (f) all licenses for listed intellectual property granted to third parties, (g) all future income and proceeds from any of the listed intellectual property and from the licenses listed in (f) above, and (h) all rights to damages, royalties and profits by reason of the past, present or future infringement or other misuse of any of the listed intellectual property;

**"Inventory"** means all right, title and interest of the Target in and to the goods that are held by the Target for sale in relation to the Target Business, including all saleable and current inventories of finished goods, raw materials, operating supplies, shipping supplies, samples, maintenance items, advertising materials and packaging materials, in each case, on hand, in transit, ordered but not delivered, warehoused or wherever situate at the Closing or such other particular time referenced in relation thereto;

**"Letter of Intent"** means the letter of intent between the Purchaser and the Target, dated September 27, 2017;

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

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

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

**"Material Adverse Effect"** means, when used in connection with a Person, any change, event, violation, inaccuracy, circumstance or effect that is materially adverse to the business, assets (including intangible assets), Liabilities, capitalization, ownership, financial condition or results of operations of such Person or any Affiliate thereof, other than any change, event, circumstance or effect to the extent resulting from: (a) the announcement of the execution of this Agreement and the transactions contemplated hereby, (b) changes in legal or regulatory conditions

generally affecting the Target Business or the Purchaser Business, except that any such change, effect, event or occurrence will be considered in determining whether there has been, or will be, a Material Adverse Effect if the same disproportionately affects the Target, the Purchaser, the Purchaser Business or the Target Business, (c) changes in the capital markets generally, or (d) changes in GAAP or IFRS, as applicable;

**“Material Contracts”** means, when used in connection with a Person, any subsisting Contracts, oral or written, entered into by the Person, by which the Person is bound, or to which it or its respective assets are subject, which have total payment obligations on the part of the Person which reasonably can be expected to exceed \$10,000, or are for a term of or in excess of one year;

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

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

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

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

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

**“Premises”** means those premises that have been occupied or used, or are occupied or used, by the Target;

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

**“Purchaser”** means Super Nova Petroleum Corp., a company incorporated under the laws of the Province of British Columbia;

**“Purchaser Accounting Date”** means August 31, 2017;

**“Purchaser Advisors”** has the meaning set forth in Section 9.5(a)(i);

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

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

**“Purchaser Financial Statements”** means the audited financial statements of the Purchaser for the years ended May 31, 2017 and 2016, prepared in accordance with IFRS;

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

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

**“Purchaser Subscription Receipts”** means subscription receipts of the Purchaser, and **“Purchaser Subscription Receipt”** means any one of them;

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

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

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

with respect to a Person other than an individual:

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

**“Representatives”** has the meaning set forth in Section 9.11(a);

**“Response Period”** has the meaning set forth in Section 9.12(a)(ii);

**“SEC”** means the United States Securities and Exchange Commission;

**“SEDAR”** means the System for Electronic Document Analysis and Retrieval;

**“Superior Proposal”** means any bona fide, unsolicited, written Acquisition Proposal made by a Person (and not obtained in violation of Section 9.11) that relates to the acquisition of 100% of the outstanding Target Securities or substantially all of the consolidated assets of the Target, and: (a) that is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal, (b) that, in the case of an Acquisition Proposal to acquire 100% of the outstanding Target Securities, is made available to all Target Vendors on the same terms and conditions, (c) that is not subject to a due diligence condition, (d) that is not subject to a financing condition and in respect of which any required financing to complete such Acquisition Proposal has been demonstrated to the satisfaction of the Target Board, acting in good faith, as having been obtained or reasonably likely to be obtained, and (e) in respect of which the Target Board determines, in its good faith judgment, after consultation with its outside legal and financial advisors, that (i) failure to recommend such Acquisition Proposal to the Target Vendors would be inconsistent with its fiduciary duties under Applicable Laws, and (ii) having regard for all of its terms and conditions, such Acquisition Proposal would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the Target Vendors from a financial point of view than the transactions contemplated by this Agreement, after taking into account any change to the transactions contemplated by this Agreement proposed by the Purchaser;

**“Target”** means Koios, LLC, a limited liability company incorporated under the laws of the State of Colorado;

**“Target Accounting Date”** means September 30, 2017;

**“Target Advisors”** has the meaning set forth in Section 9.5(b)(i);

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

**“Target Board”** means the managers of, or the board of directors of, the Target, as applicable;

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

**“Target Disclosure Statement”** means the disclosure statement of the Target to be signed and dated by the Target and the Target Vendors and delivered to the Purchaser: (a) within 10 days of the Execution Date, and (b) at the Closing, as updated to the time of Closing;

**“Target Financial Statements”** means the audited financial statements of the Target for the fiscal years ended December 31, 2016 and 2015 and the interim financial statements of the Target for the nine-months ended September 30, 2017, all prepared in accordance with GAAP;

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



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

**“Target Membership Interest”** means a fully paid and non-assessable membership interest in the capital of the Target;

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

**“Target Securities”** means any Target Membership Interest or Target Shares, as applicable, and any other securities or other indebtedness of the Target convertible into a Target Membership Interest or Target Shares, as applicable;

**“Target Shares”** means fully paid and non-assessable shares of common stock in the capital of the Target following completion of the conversion of the Target from a limited liability corporation to a corporation, and **“Share”** means any one of them;

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

**“Target Vendors”** means the holders of Target Securities as set out in the Target Disclosure Statement, and **“Target Vendor”** means any one of them;

**“Tax”** means any tax (including any income tax, capital gains tax, value-added tax, sales tax, property tax, gift tax or estate tax), levy, assessment, tariff, duty (including any customs duty), deficiency or other fee, and any related charge or amount (including any fine, penalty, interest or addition to tax), imposed, assessed or collected by or under the authority of any Governmental Body, or payable pursuant to any Contract;

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

**“Third-Party Claim”** has the meaning set forth in Section 12.3(a);

**“Transaction”** means, collectively: (a) the acquisition by the Purchaser of all of the Target Membership Interests from the Target Vendors, (b) the Concurrent Financing, and (c) all other transactions contemplated by this Agreement;

**“Transaction Documents”** means this Agreement and any other documents necessary or reasonably required to consummate the transactions contemplated hereby; and

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

## 1.2 Schedules

The following are the schedules to this Agreement:

Schedule A – Target Vendors and Consideration Shares

Schedule B – Target Vendor Certificate

## 1.3 Interpretation

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

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

- (j) the representations, warranties, covenants and agreements contained in this Agreement will not merge at the Closing and will continue in full force and effect from and after the Closing for the applicable period set out in this Agreement; and
- (k) all references to currency are to Canadian dollars (\$). If it is necessary to convert money from another currency to Canadian dollars, such money will be converted using the exchange rates in effect at the date of payment.

## **ARTICLE 2**

### **PURCHASE AND SALE**

#### **2.1 Purchase and Sale of Target Securities**

Subject to the terms and conditions of this Agreement, the Purchaser irrevocably agrees to acquire the Target Securities from the Target Vendors, which will represent all of the Target Securities outstanding at the Closing, and the Target Vendors irrevocably agree to exchange, assign and transfer the Target Securities to the Purchaser, free and clear of all Liens, on the terms and conditions herein set forth, in consideration for the issuance of an aggregate of 15,000,000 Consideration Shares to the Target Vendors as further set out in Schedule A, at a deemed price of \$0.20 per Consideration Share, such that, immediately following the Closing, all of the issued and outstanding Target Securities will be owned by the Purchaser.

#### **2.2 No Fractional Consideration Shares**

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

#### **2.3 Restricted Securities**

Each of the Target Vendors agrees that, in addition to the escrow contemplated by Section 2.4, the Consideration Shares will be subject to such hold periods as are required under Applicable Securities Laws, and, as a result, may not be sold, transferred or otherwise disposed of, except pursuant to an effective registration statement or prospectus, or pursuant to an exemption from, or in a transaction not subject to, the registration or prospectus requirements of Applicable Securities Laws, and in each case only in accordance with all Applicable Securities Laws.

#### **2.4 CSE Escrow and Voluntary Escrow**

Each of the Target Vendors acknowledges and agrees that the Consideration Shares issued to the Vendors will be subject to the escrow provisions imposed by the policies of the CSE. Each of the Target Vendors agrees that, at the Closing, the certificates representing its Consideration Shares, and executed stock powers in favour of the Purchaser with respect thereto, will be delivered to an escrow agent to be determined by the Purchaser in its sole discretion (the “**Escrow Agent**”) and held in escrow by the Escrow Agent pursuant to the terms and conditions of a voluntary escrow agreement (an “**Escrow Agreement**”), in such form as is satisfactory to

the Purchaser, to be executed by the Target Vendor prior to the Closing. The Escrow Agreement will provide, among other things, that:

- (a) 25% of the Consideration Shares will be released on the first anniversary of the Closing;
- (b) 25% of the Consideration Shares will be released on the date that is 15 months following the Closing;
- (c) 25% of the Consideration Shares will be released on the date that is 18 months following the Closing; and
- (d) 25% of the Consideration Shares will be released on the date that is 21 months following the Closing.

The Escrow Agreement will further provide that each Target Vendor will be entitled to vote any of their respective Consideration Shares that are held in escrow, but will not be entitled to transfer, option or otherwise encumber any of such Consideration Shares without the prior written consent of the Purchaser.

## **2.5 Exemptions**

Each of the Target Vendors acknowledges that the Purchaser has advised it that the Purchaser is issuing the Consideration Shares to such Target Vendor under exemptions from the registration, prospectus and other requirements of Applicable Securities Laws and, as a consequence, certain protections, rights and remedies provided by Applicable Securities Laws, including statutory rights of rescission or damages, may not be available to such Target Vendor. To evidence its eligibility for such exemptions, each Target Vendor agrees to deliver to the Purchaser a fully completed and executed certificate in the form attached at Schedule B (the “**Target Vendor Certificate**”), and agrees that the representations and warranties set out in the Target Vendor Certificate as executed by such Target Vendor will be true and complete as at the Closing.

## **ARTICLE 3** **REPRESENTATIONS AND WARRANTIES OF THE TARGET** **AND THE TARGET VENDORS**

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

### **3.1 Organization and Good Standing**

- (a) As at the Effective Date, the Target is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Colorado,

and, as at the Closing, the Target will be a corporation duly organized, validly existing and in good standing under the laws of the State of Colorado.

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

### **3.2 Capitalization**

The entire authorized and issued Target Securities are as set out in the Target Disclosure Statement. All of the issued and outstanding Target Securities are owned of record and beneficially by the Target Vendors, free and clear of all Liens. All of the outstanding Target Securities have been duly authorized and validly issued and are fully paid and non-assessable. None of the outstanding Target Securities were issued in violation of any Applicable Laws. Other than as set out in the Target Disclosure Statement, the Target does not own, or have any Contract to acquire, any securities of any Person, or any direct or indirect equity or ownership interest in any other business. There are no Contracts purporting to restrict the transfer of any of the Target Securities, or restricting or affecting the voting of any of the Target Securities to which the Target or any Target Vendor is a party, or of which the Target or any Target Vendor is aware.

### **3.3 Not an Offering Corporation**

The Target is not offering, nor has it offered, any of the Target Securities to the public within the meaning of Applicable Securities Laws and is not a reporting issuer thereunder. There is no published market in respect of the Target Securities in any jurisdiction.

### **3.4 Absence of Rights to Acquire Securities**

Other than as set out in this Agreement, no Person has any Contract or right, present or future, contingent or absolute, capable of becoming a Contract:

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

### **3.5 Authority**

The Target and each of the Target Vendors has all requisite power and authority to execute and deliver the Transaction Documents to be signed by it, to perform its obligations thereunder, and to consummate the transactions contemplated hereby. No other corporate or shareholder Proceedings on the part of the Target or any of the Target Vendors is necessary to authorize the Transaction Documents or to consummate the Transaction. This Agreement has been, and the other Transaction Documents when executed and delivered by the Target or any of the Target Vendors as contemplated by this Agreement will be, duly executed and delivered by the Target or Target Vendor, as applicable, and this Agreement is, and the other Transaction Documents when executed and delivered by the Target or Target Vendor as contemplated hereby will be, valid and binding obligations of the Target or Target Vendor, enforceable against the Target or Target Vendor in accordance with their respective terms.

### **3.6 No Conflict**

Neither the execution and delivery of this Agreement, nor the consummation or performance of any of the transactions contemplated herein, will, directly or indirectly (with or without notice or lapse of time or both):

- (a) contravene, conflict with, or result in a violation of any provision of the Organizational Documents of the Target or the Target Vendor or any resolution adopted by the Target Board or the Target Vendor;
- (b) contravene, conflict with, or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the transactions contemplated herein or to exercise any remedy or obtain any relief under, any Applicable Laws to which the Target or the Target Vendor, or any of their respective assets, may be subject;
- (c) contravene, conflict with, or result in a violation of, any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any governmental authorization that is held by the Target or Target Vendor, or that otherwise relates to the Target Business or any of the Target Assets;
- (d) cause the Purchaser, the Target or any Target Vendor to become subject to, or to become liable for the payment of, any Tax;
- (e) cause any of the Target Assets to be reassessed or revalued by any Governmental Body;
- (f) contravene, conflict with, or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate, or modify, any Material Contract;

- (g) result in the imposition or creation of any Liens upon or with respect to any of the Target Assets or any of the Target Securities;
- (h) require the Target or any Target Vendor to obtain any consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the transactions contemplated herein.

### **3.7 Subsidiaries**

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

### **3.8 Partnerships or Joint Ventures**

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

### **3.9 Financial Statements**

- (a) The Target Financial Statements:
  - (i) are in accordance with the books and records of the Target;
  - (ii) present fairly the financial condition of the Target as of the respective dates indicated and the results of operations for such periods; and
  - (iii) have been prepared in accordance with GAAP and reflect the consistent application of GAAP throughout the periods involved.
- (b) All material financial transactions of the Target have been accurately recorded in the books and records of the Target and such books and records fairly present the financial position and the affairs of the Target.
- (c) Other than the costs and expenses incurred in connection with the negotiation and consummation of the transactions contemplated herein, the Target has no material Liabilities, net of cash, which:
  - (i) are not set forth in the Target Financial Statements or have not heretofore been paid or discharged;
  - (ii) did not arise in the regular and ordinary course of business under any Contract or plan specifically disclosed in writing to the Purchaser; or
  - (iii) have not been incurred in amounts and pursuant to practices consistent with past business practice, in or as a result of the regular and ordinary course of its business since the Target Accounting Date, and otherwise disclosed in writing to the Purchaser.

- (d) Except to the extent reflected or reserved against in the Target Financial Statements or incurred subsequent to the Target Accounting Date in the ordinary and usual course of the Target Business or pursuant to the Bridge Loan, the Target has no outstanding Liabilities, and any Liabilities incurred by the Target in the ordinary and usual course of business since the Target Accounting Date have not had a Material Adverse Effect on the Target or the Target Business.
- (e) Since the Target Accounting Date, there have not been:
  - (i) any changes in the condition or operations of the Target Business, the Target Assets or the financial affairs of the Target which have caused, individually or in the aggregate, a Material Adverse Effect on the Target or the Target Business; or
  - (ii) any damage, destruction or loss, labour trouble or other event, development or condition, of any character (whether or not covered by insurance), which has or may cause a Material Adverse Effect on the Target or the Target Business.
- (f) Since the Target Accounting Date, and other than as contemplated by this Agreement or pursuant to the Bridge Loan, the Target has not:
  - (i) transferred, assigned, sold or otherwise disposed of any of the Target Assets shown or reflected in the Target Financial Statements or cancelled any debts or claims;
  - (ii) incurred or assumed any Liability;
  - (iii) issued or sold any Target Securities;
  - (iv) discharged or satisfied any Liens, or paid any Liabilities, other than current Liabilities or the current portion of long term Liabilities disclosed in the Target Financial Statements, or current Liabilities incurred since the date thereof in the ordinary and usual course of business;
  - (v) declared, made, or committed itself to make any payment of any dividend or other distribution in respect of any of the Target Securities, nor purchased, redeemed, subdivided, consolidated, or reclassified any Target Securities;
  - (vi) made any gift of money or of any Target Assets to any Person;
  - (vii) purchased or sold any Target Assets outside of the ordinary course of business;
  - (viii) made commitments or agreements for capital expenditures or capital additions or betterments exceeding \$5,000;



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

### **3.10 Books and Records**

The books of account, minute books, stock record books and other records of the Target are complete and correct and have been maintained in accordance with sound business practices, including the maintenance of an adequate system of internal controls. The minute books of the Target contain accurate and complete records of all meetings held, and corporate action taken by, the Target Vendors, the Target Board, and committees thereof, and no meeting of any of the foregoing has been held for which minutes have not been prepared and are not contained in such minute books. At the Closing, all of those books and records will be in the possession of the Target.

### **3.11 Title to Personal Property**

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

### **3.12 Title to Real Property**

The Target possesses, and has good and marketable title to, all real property and leaseholds or other such interests necessary for the continued operation of the Target Business as presently conducted and as represented to the Purchaser, including all real property and leaseholds reflected in the Target Financial Statements or acquired since the Target Accounting Date. All such property is reasonably fit for the purposes for which such property is presently used. All material real property and leaseholds are owned or leased by the Target free and clear of all Liens. The Target has delivered or made available to the Purchaser copies of the deeds and other instruments (as recorded) by which the Target acquired such real property and interests, and copies of all title insurance policies, opinions, abstracts and surveys in the possession of the Target relating to such property and interests.

### **3.13 Intellectual Property**

- (a) The Target Disclosure Statement lists all: (i) registered Target Intellectual Property, and (ii) Target Intellectual Property that is not registered but that is used in the Target Business. All required filings and fees related to the Target Intellectual Property have been timely filed with, and paid to, the relevant Governmental Bodies, and all Target Intellectual Property is otherwise in good standing. The Target has provided the Purchaser with true and complete copies of file histories, documents, certificates, office actions, correspondence and other materials related to all Target Intellectual Property.
- (b) The Target Intellectual Property is subsisting, valid and enforceable, and neither the Target nor any Target Vendor has received notice of any Proceeding challenging the extent, validity or enforceability of, or the Target's or any Target Vendor's ownership of, any Target Intellectual Property, in whole or in part, and in the case of pending applications for Target Intellectual Property, neither the Target nor any Target Vendor has received notice of any Proceeding seeking to oppose any such application, or have any such application canceled, re-examined or found invalid, in whole or in part.
- (c) The Target Disclosure Statement lists all Contracts regarding, or related to, the Target Intellectual Property. The Target has provided the Purchaser with true and complete copies of all such Contracts, including all modifications, amendments and supplements thereto and waivers thereunder. Each of such

Contracts is valid and binding on the Target in accordance with its terms and is in full force and effect. Neither the Target nor any other party to any such Contract is in breach of, or default under (or is alleged to be in breach of or default under), or has provided or received any notice of breach or default of, or any intention to terminate, any such Contract. Neither the Target nor any Target Vendor has permitted or licensed any Person to use any of the Target Owned Intellectual Property. Except pursuant to the terms of the Contracts, the Target has not agreed to indemnify any Person against any charge of infringement or other violation with respect to Intellectual Property.

- (d) The Target is the sole and exclusive legal and beneficial owner, and with respect to the Target Owned Intellectual Property, registered owner, of all right, title and interest in and to the Target Intellectual Property, and has the valid right to use all other Intellectual Property used in or necessary for the conduct of the Target Business, in each case, free and clear of encumbrances. Without limiting the generality of the foregoing, the Target has entered into binding, written Contracts with every current and former Employee of the Target, and with every current and former independent contractor or consultant to the Target, whereby such Employee(s), contractor(s) and consultant(s) have: (i) assigned to the Target any ownership interest and right they may have in any Target Intellectual Property and have waived any moral rights or any rights to similar effect in any country or at common law they may have therein for the benefit of the Target; (ii) acknowledged the Target's exclusive ownership of all Target Intellectual Property, and (iii) entered into nondisclosure agreements pursuant to which they have agreed to maintain the confidentiality of the Target Intellectual Property. The Target has provided the Purchaser with true and complete copies of all such Contracts.
- (e) Except as otherwise disclosed in this Agreement, the consummation of the transactions contemplated in this Agreement will not result in the loss or impairment of, or payment of any additional amounts with respect to, nor require the consent of any other Person in respect of, the Target's right to own, use or hold for use any Intellectual Property as owned, used or held for use in the conduct of the Target Business.
- (f) The Target's rights in the Target Intellectual Property are valid, subsisting and enforceable. The Target has taken all reasonable steps to maintain the Target Intellectual Property and to protect and preserve the confidentiality of all trade secrets included in the Target Intellectual Property, including requiring all Persons having access thereto to execute written non-disclosure Contracts.
- (g) The conduct of the Target Business as currently and formerly conducted, and the products, processes and services of the Target, have not infringed, misappropriated, diluted or otherwise violated, and do not and will not infringe, dilute, misappropriate or otherwise violate, the Intellectual Property or other rights of any Person. No Person has infringed, misappropriated, diluted or

otherwise violated, or is currently infringing, misappropriating, diluting or otherwise violating, any Target Intellectual Property.

- (h) All of the Target Intellectual Property is either: (i) owned solely by the Target, free and clear of any encumbrances; or (ii) rightfully used and authorized for use by the Target pursuant to a valid and enforceable written license. Except as noted in the Target Disclosure Statement, the Target Intellectual Property constitutes all of the Intellectual Property necessary to carry on the business of the Target by the Purchaser following the Closing, consistent with the manner in which it was conducted prior to the Closing, and neither the Target nor any of the Target Vendors is obligated to provide any consideration (whether financial or otherwise) to any other Person nor is any other Person otherwise entitled to any consideration, with respect to any exercise of rights by the Target or the Purchaser in the Target Intellectual Property (other than with respect to maintenance costs associated with the Target Owned Intellectual Property and license fees and other payments associated with the Target Licensed Intellectual Property).
- (i) There is no Proceeding (including any oppositions, interferences or re-examinations) settled, pending or threatened (including in the form of offers to obtain a license): (i) alleging any infringement, misappropriation, dilution or violation of the Intellectual Property of any Person by the Target; (ii) challenging the validity, enforceability, registrability or ownership of any Target Intellectual Property or the Target's rights with respect to any Target Intellectual Property; or (iii) by the Target or any other Person alleging any infringement, misappropriation, dilution or other violation by any Person of the Target Intellectual Property, and neither the Target nor any Target Vendor is party to any other Proceeding with respect to any Target Intellectual Property or any other rights arising with respect to any Intellectual Property.
- (j) The Target is not subject to any outstanding or prospective Order (including any motion or petition therefor) that does or would restrict or impair the use of any Target Intellectual Property.
- (k) The consummation of the Transaction will not alter, impair or otherwise adversely affect any rights or obligations of the Target in any of the Target Intellectual Property, and, from and after the Closing, the Purchaser will be able to maintain all of the Target's rights thereto as they existed at the Closing, without modification or impairment.
- (l) No third-party licensed Target Licensed Intellectual Property is subject to revocation or termination upon a change of control of the Target. Except for in respect of the Target Licensed Intellectual Property, the Target is not required to pay any royalty or other fees to any other Person.

### **3.14 Accounts Receivable**

All accounts receivable of the Target that are reflected on the balance sheet included in the Target Financial Statements or on the accounting records of the Target as of the Closing have been recorded by the Target in accordance with its usual accounting practices consistent with prior periods, and represent or will represent valid obligations arising from sales actually made or services actually performed in the ordinary course of business. To the best knowledge of the Target and each Target Vendor, such accounts receivable are, or will be as of the Closing, current and collectible, net of the respective reserves shown on the balance sheet included in the Target Financial Statements or on the accounting records of the Target. The reserve taken for doubtful or bad debtor accounts is adequate based on the past experience of the Target and is consistent with the accounting procedures used in previous fiscal periods. There is nothing which would indicate that such reserves are not adequate or that a higher reserve should be taken. There is no contest, claim, or right of set-off, other than returns in the ordinary course of business, under any Contract with any obligor of any such account receivable relating to the amount or validity of such account receivable. The Target Disclosure Statement contains a complete and accurate list of all such accounts receivable which sets forth the aging of such accounts receivable.

### **3.15 Inventories**

All Inventory is owned by the Target free and clear of all Liens other than Liens that will be released at Closing, and no Inventory is held on a consignment basis. To the best knowledge of the Target and each Target Vendor, the quantities of each item of Inventory are not excessive (including taking into account ageing or date of expiry) but are reasonable in the present circumstances of the Target. All necessary reserves have been taken to ensure all inventory values are recoverable. All Inventory is valued in accordance with GAAP.

### **3.16 Material Contracts**

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

### **3.17 Product Warranties, Condition and Merchantability**

- (a) The Target Disclosure Statement lists all product liability claims that have been filed and served against the Target since the date the Target commenced sale of its product in which another Person either requested injunctive relief or alleged damages.
- (b) To the knowledge of the Target and each Target Vendor, the Target has not been threatened with any product liability or product warranty claims by customers relating to the Target's products. To the knowledge of the Target and each Target Vendor, there is no reasonable basis or ground under Applicable Laws for effecting any product recall relating to, or in respect of, any Target product.
- (c) An estimate has been made for potential Target product returns, taking into account ageing and quality, and the impact of these returns have been incorporated in the Target Financial Statements and the Target's books and records.

### **3.18 Condition of Assets**

All material Target Assets used in or in connection with the Target Business are in good condition, repair and, where applicable, working order, having regard to the use and age thereof.

### **3.19 Tax Matters**

- (a) The Target has filed, or caused to be filed, all Tax Returns that are or were required to be filed by, or with respect to, the Target, either separately or as a member of a group of corporations, pursuant to all Applicable Laws. The Target has made available to the Purchaser copies of all such Tax Returns filed by the Target. The Target has not given, or been requested to give, waivers or extensions (or is or would be subject to a waiver or extension given by any other Person) of any statute of limitations relating to the payment by the Target, or for which the Target may be liable.
- (b) All Taxes that the Target is or was required to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the proper Governmental Body or other Person.
- (c) All Tax Returns filed by (or that include on a consolidated basis) the Target are true, correct, and complete. There is no tax sharing agreement that will require any payment by the Target after the Execution Date.
- (d) The Target has paid all Taxes that have become or are due with respect to any period ended on or prior to the Execution Date, and has established an adequate reserve therefor in the Target Financial Statements for those Taxes not yet due and payable, except for: (i) any Taxes the non-payment of which will not have a Material Adverse Effect on the Target, and (ii) such Taxes, if any, as are listed in

the Target Disclosure Statement and are being contested in good faith and as to which adequate reserves (determined in accordance with GAAP) have been provided in the Target Financial Statements.

- (e) The Target is not presently under, nor has it received notice of, any contemplated investigation or audit by any Governmental Body concerning any fiscal year or period ended prior to the Closing.
- (f) The Target Financial Statements contain full provision for all Taxes, including any deferred Taxes that may be assessed to the Target.

### **3.20 No Agents**

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

### **3.21 Employment Matters**

- (a) The Target Disclosure Statement includes a list of each Employee of the Target, which includes: (i) the name of each Employee (except as prohibited under Applicable Laws), (ii) each Employee's current position and any prior positions held with the Target and any predecessor thereof, (iii) the date of each Employee's initial commencement of employment with the Target or any predecessor thereof, (iv) their current salary, and (v) each Employee's term of employment.
- (b) The Target has made available to the Purchaser:
  - (i) correct and complete copies of all documents embodying each Employee Plan and each Employee Contract with respect to the Target, including all amendments thereto, and copies of all documents used in connection therewith, a list of which is included in the Target Disclosure Statement;
  - (ii) the most recent annual actuarial valuations, if any, prepared for each Employee Plan of the Target;
  - (iii) if any Employee Plan of the Target is funded, the most recent annual and periodic accounting of such Employee Plan assets; and
  - (iv) all communications material to any Employee of the Target relating to any Employee Plan and any proposed Employee Plan, in each case, relating to any amendments, terminations, establishments, increases or decreases in benefits, acceleration of payments or vesting schedules or other events which would result in any material liability to the Target.
- (c) The Target has performed, in all material respects, all obligations required to be performed by it under, is not in default or violation of, and has no knowledge of

any default or violation by another party to any Employee Plan, and all Employee Plans have been established and maintained in all material respects in accordance with their respective terms and in substantial compliance with all Applicable Laws. There are no actions, suits or claims pending, or, to the knowledge of the Target, threatened or anticipated (other than routine claims for benefits), against any Employee Plan or against the assets of any Employee Plan. The Employee Plans can be amended, terminated or otherwise discontinued after the Closing in accordance with their terms, without liability to the Target, the Purchaser or any Affiliate thereof (other than ordinary administration expenses typically incurred in a termination event). There are no audits, inquiries or proceedings pending or, to the knowledge of the Target, threatened, by any Governmental Body in respect of any Employee Plans or Proposed Employee Plans.

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



against it under any Applicable Law relating to occupational safety and health.

- (f) No work stoppage, labour strike or other “concerted action” involving Employees of, or against, the Target is pending or, to the knowledge of the Target, threatened. The Target is not involved in, and, to the knowledge of the Target or any Target Vendor, the Target is not threatened with, any labour dispute, grievance, or litigation relating to labour, safety or discrimination matters involving any Employee of the Target, including charges of unfair labour practices or discrimination complaints, which, if adversely determined, would, individually or in the aggregate, result in a Material Adverse Effect on the Target or the Target Business. The Target is not presently, nor has been in the past, a party to, or bound by, any collective bargaining agreement or union contract with respect to any Employees, and no collective bargaining agreement is being negotiated. There are no activities or proceedings of a labour union to organize any of the Employees of the Target.
- (g) Except for claims by Employees under any applicable workers’ compensation or similar legislation which, if adversely determined, would not, either individually or in the aggregate, have a Material Adverse Effect on the Target or the Target Business, there are no complaints, claims or charges pending or outstanding or, to the knowledge of the Target or any Target Vendor, anticipated, and there are no orders, decisions, directions or convictions currently registered or outstanding by any Governmental Body against, or in respect of, the Target under or in respect of any employment legislation.
- (h) The Target Disclosure Statement lists all Employees in respect of whom the Target has been advised by any workers compensation or similar authority that such Employees are in receipt of benefits under workers’ compensation or similar legislation. There are no appeals pending before any workers compensation or similar authority involving the Target, and all levies, assessments and penalties made against the Target pursuant to workers’ compensation or similar legislation have been paid. The Target is not aware of any audit currently being performed by any workers compensation or similar authority with respect to the Target, and all payments required to be made in respect of termination or severance pay under any employment standards or similar legislation in respect of any Employee have been made by the Target.

### **3.22 Consents**

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

- (a) consummate the transactions contemplated by this Agreement;
- (b) execute and deliver all of the Transaction Documents;

- (c) duly perform and observe the terms and provisions of this Agreement; or
- (d) render this Agreement legal, valid, binding and enforceable.

### **3.23 Compliance**

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

### **3.24 Legal Proceedings**

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

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

### **3.25 Operating Permits and Licenses**

The Target owns or holds all material permits, licenses, consents, authorizations, approvals, privileges, waivers, exemptions, Orders (inclusionary or exclusionary) or other concessions required in connection with the conduct of the Target Business. All such permits and licenses are valid and enforceable, each in accordance with its respective terms, and no party to any of them is in default thereunder or in breach thereof, or would, with the giving of notice or the lapse of time or both, be in breach or default thereof.

### **3.26 Insurance**

- (a) All insurance policies to which the Target is a party, or that provide coverage to the Target, or to any Employee of the Target:
  - (i) are valid, outstanding and enforceable;
  - (ii) are issued by an insurer that is financially sound and reputable;
  - (iii) taken together, provide adequate insurance coverage for the Target Assets and the Target Business for all risks normally insured against by a Person carrying on the same business as the Target;
  - (iv) are sufficient for compliance with all Applicable Laws and Contracts to which the Target is a party or by which it is bound;
  - (v) will continue in full force and effect following the consummation of the transactions contemplated herein; and
  - (vi) do not provide for any retrospective premium adjustment or other experienced-based liability on the part of the Target.
- (b) The Target has not received: (i) any refusal of coverage or any notice that a defense will be afforded with reservation of rights; or (ii) any notice of cancellation or any other indication that any insurance policy is no longer in full force or effect or will not be renewed, or that the issuer of any policy is not willing or able to perform its obligations thereunder.
- (c) The Target has paid all premiums due, and has otherwise performed all of its respective obligations, under each policy to which it is a party or that provides coverage to the Target or any Employee thereof.

- (d) The Target has given prompt notice to its insurers of all claims or possible claims that may be insured by any of its respective policies, and the Target Disclosure Statement contains a list of all of such claims.

### **3.27 Indebtedness to Target**

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

### **3.28 Certain Payments**

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

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

### **3.29 Disclosure Record**

The Target and the Target Vendors have had the ability to review the Disclosure Record.

### **3.30 No Standstills**

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

### **3.31 Absence of Certain Changes or Events**

Since the Target Accounting Date, there has not been:

- (a) a Material Adverse Effect with respect to the Target; or

- (b) any material change by the Target in its accounting methods, principles or practices.

### **3.32 Undisclosed Information**

- (a) The Target has no information relating to the Target which is not generally known or which has not been disclosed to the Purchaser and which could reasonably be expected to have a Material Adverse Effect on the Target or the Target Business.
- (b) No representation or warranty of the Target or any Target Vendor in this Agreement, and no statement in the Target Disclosure Statement, omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading.

### **3.33 Other Representations**

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

### **3.34 Survival**

The representations and warranties of the Target and the Target Vendors under this Article 3 will survive the Closing for a period of two years.

### **3.35 Reliance**

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

## **ARTICLE 4**

### **REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

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

#### **4.1 Organization and Good Standing**

The Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the Province of British Columbia, with full corporate power, authority and capacity to

conduct its business as presently conducted, to own or use the properties and assets that it purports to own or use, and to perform all its obligations under any applicable Contracts. The Purchaser is duly qualified to do business as a corporation and is in good standing under the laws of each province or other jurisdiction in which the failure to be so registered would be likely to result in a Material Adverse Effect on the Purchaser.

#### **4.2 Capitalization**

The entire authorized capital stock of the Purchaser, as at the Execution Date, consists of an unlimited number of common shares without par value. The number of Purchaser Securities outstanding is as set out in the Disclosure Record. All of the outstanding Purchaser Securities have been duly authorized and validly issued and are fully paid and non-assessable. The Purchaser does not own, or have any contract to acquire, any securities of any Person, or any direct or indirect equity or ownership interest in any other business, other than as contemplated by this Agreement. There are no Contracts purporting to restrict the transfer of any of the issued and outstanding Purchaser Securities, nor any Contracts restricting or affecting the voting of any of Purchaser Securities, to which the Purchaser is a party or of which the Purchaser is aware.

#### **4.3 Absence of Rights to Acquire Securities**

Except as set out in this Agreement and the Disclosure Record, there are no outstanding Contracts obligating the Purchaser to issue any Purchaser Securities.

#### **4.4 Authority**

The Purchaser has all requisite corporate power and authority to execute and deliver the Transaction Documents to be signed by the Purchaser, to perform its obligations thereunder, and to consummate the transactions contemplated thereby. The execution and delivery of each of the Transaction Documents by the Purchaser and the consummation of the transactions contemplated hereby have been duly authorized by the Purchaser Board. No other corporate or shareholder proceedings on the part of the Purchaser are necessary to authorize such documents or to consummate the transactions contemplated hereby. This Agreement has been, and the other Transaction Documents when executed and delivered by the Purchaser as contemplated by this Agreement will be, duly executed and delivered by the Purchaser, and this Agreement is, and the other Transaction Documents when executed and delivered by the Purchaser as contemplated hereby will be, valid and binding obligations of the Purchaser enforceable in accordance with their respective terms.

#### **4.5 Validity of Consideration Shares**

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

#### **4.6 Non-Contravention**

Neither the execution, delivery and performance of this Agreement, nor the consummation of the transactions contemplated herein, will:

- (a) conflict with, result in a violation of, cause a default under (with or without notice, lapse of time or both) or give rise to a right of termination, amendment, cancellation or acceleration of any obligation contained in or the loss of any material benefit under, or result in the creation of any Lien upon any of the material properties or assets of the Purchaser under any term, condition or provision of any loan or credit agreement, note, debenture, bond, mortgage, indenture, lease or other agreement, instrument, permit, license, judgment, Order, decree, statute, law, ordinance, rule or regulation applicable to the Purchaser or its material property or assets;
- (b) violate any provision of the Organizational Documents of the Purchaser or any Applicable Laws; or
- (c) violate any Order of any Governmental Body applicable to the Purchaser or any of its material property or assets.

#### **4.7 Subsidiaries**

The Purchaser has no subsidiaries nor any material interest in any other Person.

#### **4.8 Books and Records**

The books of account, minute books, stock record books, and other records of the Purchaser are complete and correct, and have been maintained in accordance with sound business practices, including the maintenance of an adequate system of internal controls. At the Closing, all of those books and records will be in the possession of the Purchaser.

#### **4.9 Actions and Proceedings**

Except as disclosed in the Disclosure Record, to the best knowledge of the Purchaser, there is no basis for, and there is no, Proceeding by or before any Governmental Body now outstanding or pending or, to the best knowledge of the Purchaser, threatened against or affecting the Purchaser, which involves the Purchaser Business or any of the property or assets of the Purchaser that, if adversely resolved or determined, would have a Material Adverse Effect on the Purchaser. There is no reasonable basis for any claim or action that, based upon the likelihood of its being asserted and its success if asserted, would have a Material Adverse Effect on the Purchaser.

#### **4.10 Compliance**

- (a) To the best knowledge of the Purchaser, the Purchaser is in compliance with, is not in default or violation in any material respect under, and has not been charged with or received any notice at any time of any material violation of, any Applicable Laws related to the Purchaser Business.
- (b) To the best knowledge of the Purchaser, the Purchaser is not subject to any Order entered in any Proceeding applicable to the Purchaser Business that would have a Material Adverse Effect on the Purchaser.

- (c) The Purchaser has duly filed all reports and returns required to be filed by it with any applicable Governmental Body and has obtained all governmental permits and other governmental consents, except as may be required after the Execution Date. All of such permits and consents are in full force and effect, and no Proceedings for the suspension or cancellation of any of them, and no investigation relating to any of them, is pending or, to the best knowledge of the Purchaser, threatened, and none of them will be affected in a material adverse manner by the consummation of the Transaction.

#### **4.11 Disclosure Record**

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

#### **4.12 Financial Representations**

Included with the Disclosure Record are true, correct, and complete copies of the Purchaser Financial Statements.

- (a) The Purchaser Financial Statements:
  - (i) are in accordance with the books and records of the Purchaser;
  - (ii) present fairly the financial condition of the Purchaser as of the respective dates indicated and the results of operations for such periods; and
  - (iii) have been prepared in accordance with IFRS and reflect the consistent application of IFRS throughout the periods involved.
- (b) All material financial transactions of the Purchaser have been accurately recorded in the books and records of the Purchaser and such books and records fairly present the financial position and the affairs of the Purchaser.
- (c) Other than the costs and expenses incurred in connection with the negotiation and consummation of the transactions contemplated herein, the Purchaser has no material Liabilities, net of cash, which:
  - (i) are not set forth in the Purchaser Financial Statements or have not heretofore been paid or discharged;
  - (ii) did not arise in the regular and ordinary course of business under any Contract or plan specifically disclosed in writing to the Target; or



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

- (vi) made any gift of money or of any assets to any Person;
  - (vii) purchased or sold any assets;
  - (viii) amended or changed, or taken any action to amend or change, its Organizational Documents;
  - (ix) made payments of any kind to or on behalf of either shareholder or any Related Party of a shareholder, nor under any management agreement, save and except business related expenses in the ordinary and usual course of business and at the regular rates payable;
  - (x) created, incurred, assumed or guaranteed any indebtedness for money borrowed, or subjected any of the material assets or properties of the Purchaser to any Lien of any nature whatsoever;
  - (xi) made or suffered any amendment or termination of any Material Contract, or cancelled, modified or waived any substantial debts or claims held by it or waived any rights of substantial value, other than in the ordinary course of business; or
  - (xii) authorized or agreed, or otherwise have become committed, to do any of the foregoing.
- (g) The Purchaser has no guarantees, indemnities or contingent or indirect obligations with respect to the Liabilities of any other Person, including any obligation to service the debt of, or otherwise acquire an obligation of, another Person, or to supply funds to, or otherwise maintain any working capital or other balance sheet condition of, any other Person.
- (h) The Purchaser is not a party to, bound by or subject to any Contract or Applicable Laws that would be violated or breached by, or under which default would occur, or which could be terminated, cancelled or accelerated, in whole or in part, as a result of the execution and delivery of this Agreement or the consummation of any of the transactions provided for in this Agreement.

#### **4.13 Tax Matters**

- (a) As of the Execution Date:
  - (i) the Purchaser has timely filed all tax returns in connection with any Taxes which are required to be filed on or prior to the Execution Date, taking into account any extensions of the filing deadlines which have been validly granted to it, and
  - (ii) all such returns are true and correct in all material respects.
- (b) The Purchaser has paid all Taxes that have become or are due with respect to any period ended on or prior to the Execution Date and has established an adequate

reserve therefore on its balance sheets for those Taxes not yet due and payable, except for any Taxes the non-payment of which will not have a Material Adverse Effect on the Purchaser.

- (c) The Purchaser is not presently under, and has not received notice of, any contemplated investigation or audit by any Governmental Body concerning any fiscal year or period ended prior to the Execution Date.
- (d) To the best knowledge of the Purchaser, the Purchaser Financial Statements contain full provision for all Taxes, including any deferred Taxes that may be assessed to the Purchaser for the accounting period ended on the Purchaser Accounting Date or for any prior period in respect of any transaction, event or omission occurring, or any profit earned, on or prior to the Purchaser Accounting Date or for which the Purchaser is accountable up to such date and all contingent Liabilities for Taxes have been provided for or disclosed in the Purchaser Financial Statements.

#### **4.14 Absence of Changes**

Since the Purchaser Accounting Date, except as disclosed in the Disclosure Record, and except as contemplated in this Agreement, the Purchaser has not:

- (a) incurred any Liabilities, other than Liabilities incurred in the ordinary course of business consistent with past practice or in connection with the Transaction, or discharged or satisfied any Lien, or paid any Liabilities, other than in the ordinary course of business consistent with past practice, or failed to pay or discharge when due any Liabilities of which the failure to pay or discharge has caused or will cause any Material Adverse Effect to it or any of its assets or properties;
- (b) sold, encumbered, assigned or transferred any material fixed assets or properties;
- (c) created, incurred, assumed or guaranteed any indebtedness for money borrowed, or mortgaged, pledged or subjected any of the material assets or properties of the Purchaser to any Lien of any nature whatsoever;
- (d) made or suffered any amendment or termination of any Material Contract to which it is a party or by which it is bound, or cancelled, modified or waived any substantial debts or claims held by it or waived any rights of substantial value, other than in the ordinary course of business;
- (e) declared, set aside or paid any dividend, or made or agreed to make any other distribution or payment in respect of any securities of the Purchaser or redeemed, purchased or otherwise acquired, or agreed to redeem, purchase or acquire any securities of the Purchaser;

- (f) suffered any damage, destruction or loss, whether or not covered by insurance, that has had a Material Adverse Effect on its business, operations, assets, properties or prospects;
- (g) suffered any material adverse change in its business, operations, assets, properties, prospects or condition (financial or otherwise);
- (h) made commitments or agreements for capital expenditures or capital additions or betterments exceeding \$10,000;
- (i) entered into any transaction other than in the ordinary course of business consistent with past practice; or
- (j) agreed, whether in writing or orally, to do any of the foregoing.

#### **4.15 Absence of Certain Changes or Events**

Since the Purchaser Accounting Date, except as and to the extent disclosed in the Disclosure Record, there has not been:

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

#### **4.16 Personal Property**

There are no material equipment, furniture, fixtures or other tangible personal property or assets owned or leased by the Purchaser, except as disclosed in the Disclosure Record. The Purchaser possesses, and has good and marketable title to, all property necessary for the continued operation of the Purchaser Business as presently conducted and as represented to the Target. All such property is used in the Purchaser Business. All such property is in reasonably good operating condition (normal wear and tear excepted), and is reasonably fit for the purposes for which such property is presently used. All material equipment, furniture, fixtures and other tangible personal property and assets owned or leased by the Purchaser are owned by the Purchaser free and clear of all Liens and other adverse claims, except as disclosed in the Disclosure Record.

#### **4.17 Material Contracts and Transactions**

Other than as expressly contemplated by this Agreement, there are no Material Contracts to which the Purchaser is a party, except as disclosed in the Disclosure Record. Each Material Contract to which the Purchaser is a party is in full force and effect, and there exists no material breach or violation of or default by the Purchaser under any such Material Contract, 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 such Material Contract by the Purchaser. To the best knowledge of the Purchaser, the continuation, validity and effectiveness of each Material Contract to which the Purchaser is a party will in no way be affected by the consummation of the Transaction.

There exists no actual or threatened termination, cancellation or limitation of, or any amendment, modification or change to, any such Material Contract.

#### **4.18 Certain Transactions**

Except as disclosed in the Disclosure Record, the Purchaser is not a guarantor or indemnitor of any indebtedness of any Person.

#### **4.19 Undisclosed Information**

- (a) Other than as set out in the Disclosure Record, the Purchaser does not have any specific information relating to the Purchaser which is not generally known or which has not been disclosed to the Target and which could reasonably be expected to have a Material Adverse Effect on the Purchaser.
- (b) To the Purchaser's knowledge, no representation or warranty of the Purchaser in this Agreement omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading.

#### **4.20 Other Representations**

All statements contained in any certificate or other instrument delivered by or on behalf of the Purchaser pursuant hereto or in connection with the transactions contemplated by this Agreement will be deemed to be representations and warranties by the Purchaser hereunder.

#### **4.21 Survival**

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

#### **4.22 Reliance**

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

### **ARTICLE 5** **CLOSING**

#### **5.1 Closing Date and Location**

The transactions contemplated by this Agreement will be completed on the Closing Date, at such location and time as is mutually agreed to by the Purchaser and the Target. Notwithstanding the location of the Closing, each Party agrees that the Closing may be

completed by undertakings or the email exchange of documents between the respective legal counsel for the Purchaser and the Target, provided such undertakings and exchanges are satisfactory to each Party's respective legal counsel.

## **5.2 Target and Target Vendor Closing Documents**

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

## **5.3 Purchaser Closing Documents**

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

# **ARTICLE 6**

## **PURCHASER'S CONDITIONS PRECEDENT**

### **6.1 Purchaser's Conditions Precedent**

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

- (a) the representations and warranties of the Target and the Target Vendors set forth in this Agreement and the Target Vendor Certificate being true, correct and complete in all material respects as of the Closing and with the same effect as if made at and as of the Closing;
- (b) the Target and the Target Vendors having performed and complied with all of their respective material obligations, covenants and agreements required hereunder;
- (c) the Purchaser having reviewed and approved all materials in the possession and control of the Target and the Target Vendors which are germane to the decision of the Purchaser to proceed with the Transaction;
- (d) this Agreement and the Transaction Documents, all in form and substance reasonably satisfactory to the Purchaser, having been executed and delivered to the Purchaser;
- (e) the Concurrent Financing having been completed;
- (f) the Target having provided to the Purchaser, and the Purchaser and its accountant having had a reasonable opportunity to review, the Target Financial Statements, and the Purchaser and its accountant being satisfied with the content of the Target Financial Statements;

- (g) 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;
- (h) the Purchaser being satisfied that its due diligence, analysis and other customary examinations that it has performed regarding the financial position of the Target and the Target Business are consistent, in all material respects, with the representations and warranties of the Target and the Target Vendors set forth in this Agreement;
- (i) no injunction or restraining order of any court or administrative tribunal of competent jurisdiction being in effect prohibiting the Transaction, and no action or Proceeding having been instituted or be pending before any court or administrative tribunal to restrain or prohibit the Transaction;
- (j) no claim having been asserted or made that any Person (other than the Purchaser or the Target 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 Securities, or any other voting, equity, or ownership interest in, the Target, or (other than the Target Vendors) is entitled to all or any portion of the Consideration Shares;
- (k) no Material Adverse Effect having occurred with respect to the Target Business, the Target Assets or the Target Securities;
- (l) all consents, renunciations, authorizations or approvals of each applicable Governmental Body and any other Person which, in the Purchaser's reasonable opinion, must be obtained prior to the Closing in order to give effect to the purchase of the Target Securities and the Transaction, including the CSE and the Purchaser's shareholders (if applicable), having been obtained to the Purchaser's satisfaction or in accordance with any applicable Contracts or Applicable Laws;
- (m) the Target and the Target Vendors having taken all proper steps, actions and corporate proceedings to approve the Transaction, including passing any resolutions required to ensure that the Target Securities will be transferred to the Purchaser free and clear of any encumbrances, adverse claim, right or interest;
- (n) as at the Closing, the Target having Liabilities of no more than \$100,000, excluding the Bridge Loan and any amount not drawn down under the Target's current line of credit with J&J Ventures LLC;
- (o) an exemption from the registration and prospectus requirements of Applicable Securities Laws being available for the issuance of the Consideration Shares to each Target Vendor;
- (p) the Purchaser Board and the holders of the Purchaser Shares, if applicable, having approved the entry into, and the Closing, of this Agreement and the

transactions contemplated hereby, including the issuance of the Consideration Shares;

- (q) the Purchaser having received from the Target and the Target Vendors the following Transaction Documents:
  - (i) certified copies of resolutions of the Target Board and Target Vendors approving: the entry into, and the Closing of, this Agreement and the transactions contemplated hereby, the transfer of the Target Securities to the Purchaser, the registration of the Target Securities in the name of the Purchaser, the issue of certificates representing the Target Securities registered in the name of the Purchaser, and all other matters contemplated by this Agreement,
  - (ii) a certificate executed by an officer of the Target certifying that: (A) the representations and warranties of the Target set forth in this Agreement are true and correct in all material respects as at the Closing, (B) the Target has performed and complied with all of its material obligations, covenants and agreements required hereunder, and (C) all conditions precedent of the Target for completion of the transactions contemplated herein have been satisfied or waived,
  - (iii) a legal opinion from legal counsel to the Target with respect to, among other things, the corporate status of the Target, the enforceability of this Agreement, the due and valid allotment and issuance of the Target Securities, the number of Target Securities outstanding, and the transfer of the Target Securities to the Purchaser, in form and substance reasonably satisfactory to the Purchaser and its legal counsel,
  - (iv) from each Target Vendor, a duly executed Target Vendor Certificate,
  - (v) from each Target Vendor, a duly executed Escrow Agreement and any documents required by the CSE,
  - (vi) a certified copy of the central securities register of the Target evidencing the Purchaser as the sole registered owner of the Target Securities,
  - (vii) all such instruments of transfer, duly executed, which in the opinion of the Purchaser acting reasonably are necessary to effect and evidence the transfer of the Target Securities to the Purchaser, free and clear of all Liens, and
  - (viii) the corporate minute books and all other books and records of the Target;
- (r) the Purchaser having reviewed, and being satisfied with, the tax and securities implications of the Transaction contemplated by this Agreement; and



- (s) the Purchaser having received such evidence of value to be received by the Purchaser for the Consideration Shares as is satisfactory to the Purchaser.

## **6.2 Waiver/Survival**

The conditions set forth in this Article 6 are for the exclusive benefit of the Purchaser and may be waived by the Purchaser in writing, in whole or in part, on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the Purchaser to the Closing. Notwithstanding any such waiver, the completion of the transactions contemplated by this Agreement will not prejudice or affect in any way the rights of the Purchaser in respect of the warranties and representations of the Target and the Target Vendors in this Agreement, and the representations and warranties of the Target and the Target Vendors in this Agreement will survive the Closing for the applicable period set out in Section 3.34.

## **6.3 Covenant of the Target and the Target Vendors**

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

# **ARTICLE 7**

## **TARGET'S CONDITIONS PRECEDENT**

### **7.1 Target's Conditions Precedent**

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

- (a) the representations and warranties of the Purchaser set forth in this Agreement being true, correct and complete in all respects as of the Closing and with the same effect as if made at and as of Closing;
- (b) the Purchaser having performed and complied with all of the obligations, covenants and agreements to be performed and complied with by it hereunder;
- (c) the Target having reviewed and approved all materials in the possession and control of the Purchaser which are germane to the decision of the Target to proceed with the Transaction;
- (d) this Agreement and the Transaction Documents, all in form and substance satisfactory to the Target, having been executed and delivered to the Target;
- (e) the Target being satisfied that its due diligence, analysis and other customary examinations that it has performed regarding the financial position of the Purchaser and the Purchaser Business are consistent, in all material respects, with the representations and warranties of the Purchaser set forth in this Agreement;

- (f) the Target having been given reasonable opportunity to perform the searches and other due diligence reasonable or customary in a transaction of a similar nature to the Transaction, and the Target and its advisors being satisfied with the results of such due diligence;
- (g) no Material Adverse Effect having occurred with respect to the Purchaser Business or the Purchaser Shares;
- (h) all consents, renunciations, authorizations or approvals of each applicable Governmental Body and any other Person which, in the Target's reasonable opinion, must be obtained prior to the Closing in order to give effect to the transactions contemplated herein, having been obtained to the Target's satisfaction or in accordance with the relevant Contracts or Applicable Laws;
- (i) the Purchaser having Liabilities of no more than \$100,000 (excluding Liabilities incurred by the Purchaser in connection with this Transaction);
- (j) the Purchaser having no more than 35,000,000 Purchaser Shares issued and outstanding (not including any derivative or convertible Purchaser Securities or any Purchaser Shares underlying such convertible Purchaser Securities);
- (k) the Target Board and the Target Vendors approving the entry into of this Agreement and the Closing;
- (l) the holders of the Purchaser Shares approving the Transaction, if applicable;
- (m) the Target having received from the Purchaser:
  - (i) certified copies of resolutions of the Purchaser Board authorizing the entry of this Agreement and the Closing, including the issuance of the Consideration Shares, and
  - (ii) a certificate executed by an officer of the Purchaser certifying that: (A) the representations and warranties of the Purchaser set forth in this Agreement are true and correct in all material respects as at the Closing, (B) the Purchaser has performed and complied with all of its material obligations, covenants and agreements required hereunder, and (C) all conditions precedent of the Purchaser for completion of the transactions contemplated herein have been satisfied or waived;
- (n) no Proceedings pending or threatened to enjoin, restrict or prohibit the Transaction; and
- (o) the Target and the Target Vendors having reviewed, and being satisfied with, the tax and securities implications of the Transaction.

## **7.2 Waiver/Survival**

The conditions set forth in this Article 7 are for the exclusive benefit of the Target and may be waived in whole or in part, on or before the Closing, by written notice from the Target, and the Closing will be deemed to mean a waiver of all conditions of the Target to Closing. Notwithstanding any such waiver, completion of the transactions contemplated by this Agreement by the Target will not prejudice or affect in any way the rights of the Target in respect of the warranties and representations of the Purchaser set forth in this Agreement, and the representations and warranties of the Purchaser in this Agreement will survive the Closing for the applicable period set out in Section 4.21.

## **7.3 Covenant of the Purchaser**

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

# **ARTICLE 8**

## **CONDUCT PRIOR TO CLOSING**

### **8.1 Conduct of the Target**

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

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

- (b) comply with all laws affecting the operation of the Target Business and pay all required Taxes;
- (c) not take any action or omit to take any action which would, or would reasonably be expected to, result in a breach of, or render untrue, any representation, warranty, covenant or other obligation of the Target or any Target Vendor contained herein;
- (d) use commercially reasonable efforts to preserve intact the Target Business and the Target Assets, carry on the Target Business substantially as currently conducted, and use commercially reasonable efforts to promote and preserve for the Purchaser the goodwill of suppliers, customers and others having business relations with the Target;
- (e) 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;
- (f) respond promptly to reasonable requests from the Purchaser for information concerning the status of the Target Business, the Target Assets, and the operations and finances of the Target; and
- (g) comply with the provisions of Article 9 of this Agreement.

## **8.2 Conduct of Purchaser**

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

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

redeem, repurchase or otherwise acquire, or agree to redeem, purchase or acquire, any of the Purchaser Securities;

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

## **ARTICLE 9**

### **PRE-CLOSING COVENANTS**

#### **9.1 Concurrent Financing and Marketing Activities**

The Parties agree that, prior to the Closing, the Purchaser will complete the Concurrent Financing, and that at least \$500,000 of the gross proceeds of the Concurrent Financing will be segregated by the Purchaser and allocated to fund investor and brand marketing activities of the Purchaser following the Closing.

#### **9.2 Finder's Fee**

The Parties agree that a finder's fee comprised of the issuance of 1,500,000 Purchaser Shares will be paid by the Purchaser in connection with the Closing.

#### **9.3 Notification of Financial Liabilities**

The Target and each Target Vendor will immediately notify the Purchaser in accordance with Section 13.4 hereof, if they receive any advice or notification from the Target's independent

certified public accountants that the Target has used any improper accounting practice that would have the effect of not reflecting or incorrectly reflecting any Target Assets, Liabilities, revenues, or expenses in the books, records, and accounts of the Target.

#### 9.4 Conversion of Target from LLC to "C" Corporation

If required as determined by the Purchaser acting reasonably, the Target and the Target Vendors shall, no later than two days prior to the Closing Date:

- (a) cause the Target to convert from a limited liability company to a "C" corporation under the laws of the State of Colorado and in accordance with the limited liability operating agreement of the Target; and
- (b) take all necessary actions to complete such conversion.

#### 9.5 Access for Investigation

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

- (iii) furnish the Target and the Target Advisors with such additional financial, operating and other data and information as the Target may reasonably request.

## 9.6 Required Approvals

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

## 9.7 Notification

- (a) Between the Execution Date and the Closing, each of the Parties will promptly notify the others in writing if any such Party becomes aware of any fact or condition that causes or constitutes a breach of any of the representations and warranties set forth herein, or if such Party becomes aware of the occurrence of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. During the same period, each Party will promptly notify the others of the occurrence of any breach of any covenant set forth herein or of the occurrence of any event that may make the satisfaction of the conditions set forth herein impossible or unlikely.
- (b) No Party may elect not to complete the transactions contemplated hereby, or exercise any termination right arising therefrom, unless forthwith, and in any event prior to the Closing, the Party intending to rely thereon has delivered a written notice to the other Parties specifying, in reasonable detail, all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the termination right.
- (c) The Target and each of the Target Vendors agrees that any notice provided by the Purchaser to the Target under any provision of this Agreement will be deemed to also constitute notice to each of the Target Vendors.

## 9.8 Best Efforts

Between the Execution Date and the Closing, the Parties will use their reasonable best efforts to cause the conditions contained in this Agreement to be satisfied.

## 9.9 Disclosure of Confidential Information

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

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

## 9.10 Public Notices

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

## 9.11 Non-Solicitation

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



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

- (b) The Target and each of the Target Vendors shall, and shall cause its respective Representatives to, immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any Person conducted prior to the date of the Letter of Intent by it or any of its Representatives with respect to any Acquisition Proposal, and, in connection therewith, the Target and each Target Vendor will discontinue access to any of confidential information with respect to the Target and the Target Business, and not establish or allow access to any of the Target's confidential information, or any data room, virtual or otherwise, and shall as soon as possible request, to the extent entitled to do so, and exercise all rights it has to require, the return or destruction of all information regarding the Target previously provided to any such Person or any other Person, and will request, and exercise all rights it has to require, the destruction of all material including, incorporating or otherwise reflecting any information regarding the Target in the possession of such Person or its affiliates.
- (c) Notwithstanding Sections 9.11(a) and 9.11(b) and any other provision of this Agreement, if at any time following the Execution Date and prior to the Closing, the Target receives a bona fide written Acquisition Proposal that did not result from a breach of Section 9.11, or an Acquisition Proposal is made to a Target Vendor, and the Target Board determines in good faith, after consultation with the Target's financial advisors and outside counsel, that such Acquisition Proposal constitutes or, if consummated in accordance with its terms, could reasonably be expected to be a Superior Proposal and in the opinion of the Target Board, acting in the good faith judgment of the Target Board, after consultation with outside legal counsel, failure to take such action would be inconsistent with the Target Board's exercise of its fiduciary duties, then the Target may, in response to a request made by the Party making or proposing to make such Acquisition Proposal, and provided it is in compliance with Sections 9.11(b) and 9.11(d): (i) furnish information with respect to the Target to the Person making such Acquisition Proposal; or (ii) enter into, participate, facilitate and maintain discussions or negotiations with, and otherwise cooperate with or assist, the Person making such Acquisition Proposal; provided that the Target shall not, and shall not allow its Representatives to, disclose any non-public information to such Person if such non-public information has not been previously provided to, or is not concurrently provided to the Purchaser and

without entering into a confidentiality and standstill agreement with such Person.

- (d) In the event that the Target or any Target Vendor receives an Acquisition Proposal or any proposal, inquiry, offer or request that could lead to an Acquisition Proposal, it shall promptly notify the Purchaser, at first orally and then promptly, and in any event within 24 hours, in writing of the material terms and conditions thereof, and the identity of the Person(s) making the Acquisition Proposal, and shall provide the Purchaser with a copy of any such proposal, inquiry, offer or request, a copy of any agreement entered into in accordance with Section 9.11(c) hereof, a copy of any other agreements which relate to the proposal, inquiry, offer or request to which it has access, copies of any documents, correspondence and other materials received in respect of, from or on behalf of, any such Person making the Acquisition Proposal, or any amendment to any of the foregoing. The Target or Target Vendor, as applicable, shall thereafter also provide the Purchaser with such other details of such proposal, inquiry, offer or request, or any amendment to any of the foregoing, information regarding the value in financial terms that the Target Board has in consultation with its financial advisor determined should be ascribed to any non-cash consideration offered under the Acquisition Proposal, and such other information as the Purchaser may reasonably request, and shall keep the Purchaser fully informed as to the status, including any changes to the material terms, of such proposal, inquiry, offer or request, or any amendment to any of the foregoing, and shall respond promptly to all inquiries from the Purchaser with respect thereto.
- (e) Each of the Target and each of the Target Vendors covenants that it will not accept, approve, endorse, recommend or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by Section 9.11(c)) unless:
  - (i) the Target Board concludes in good faith that the Acquisition Proposal constitutes a Superior Proposal;
  - (ii) the Target has complied with the provisions of Section 9.12;
  - (iii) the Acquisition Proposal did not result from a breach of this Section 9.11;
  - (iv) the Target complies with the procedures set out in Article 11.
- (f) Nothing contained in this Agreement shall prohibit the Target Board from taking any action or from making any disclosure to any of the Target Vendors prior to the Closing if, in the good faith judgment of the Target Board, after consultation with outside legal counsel, failure to take such action or make such disclosure would be inconsistent with the Target Board's exercise of its fiduciary duties or such action or disclosure is otherwise required under Applicable Law.

- (g) The Target covenants and agrees that: (i) it will take all necessary action to enforce each confidentiality, standstill or similar agreement or restriction to which it is a party; and (ii) neither it nor any of its Representatives, have or will, without the prior written consent of the Purchaser (which may be withheld or delayed in the Purchaser's sole and absolute discretion), release any Person from, or waive, amend, suspend or otherwise modify, such Person's obligations respecting it under any confidentiality, standstill or similar agreement or restriction to which it is a party.

## 9.12 Right to Match

- (a) The Target covenants that it will not accept, approve, endorse, recommend or enter into any Contract in respect of a Superior Proposal (other than a confidentiality and standstill agreement permitted by Section 9.11(c)) as contemplated in Section 9.11(e) unless:
  - (i) the Target has complied with its obligations under Section 9.11 and has provided the Purchaser with a copy of the Superior Proposal and all related documentation described in Section 9.11(d); and
  - (ii) a period (the "**Response Period**") of five Business Days has elapsed from the date that is the later of: (A) the date on which the Purchaser receives written notice from the Target Board that it has determined, subject only to compliance with this Section 9.12, to accept, approve, endorse, recommend or enter into a binding agreement to proceed with such Superior Proposal; and (B) the date the Purchaser receives a copy of the Superior Proposal and all related documents described in Section 9.11(d).
- (b) During the Response Period, the Purchaser will have the right, but not the obligation, to offer to amend this Agreement, including modification of the consideration to be issued or paid to the Target Vendors. The Target Board shall cooperate with the Purchaser with respect to the Superior Proposal, including by negotiating in good faith with the Purchaser, and shall review any such offer by the Purchaser to amend this Agreement to determine whether the Superior Proposal to which the Purchaser is responding would continue to be a Superior Proposal when assessed against the written proposal of the Purchaser. If the Target Board determines that the Superior Proposal no longer constitutes a Superior Proposal, when assessed against the written proposal of the Purchaser, the Target shall enter into an amendment to this Agreement with the Purchaser incorporating the amendments to this Agreement as set out in the written proposal. If the Target Board determines that the Superior Proposal continues to be a Superior Proposal, it may recommend that the Target Vendors accept such Superior Proposal; provided that it is in compliance with the conditions set out in Section 9.11(e), including by terminating this Agreement pursuant to Section 11.1(g) in order to accept or enter into an agreement, understanding or arrangement to proceed with the Superior Proposal.

- (c) Each successive amendment to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Target Vendors shall constitute a new Acquisition Proposal for the purposes of this Section 9.12 and the Purchaser shall be afforded a new Response Period and the rights afforded in Section 9.12(b) in respect of each such Acquisition Proposal.
- (d) The Target shall ensure that its Employees and any Representatives are aware of the provisions of Section 9.11 and this Section 9.12 and the Target shall be responsible for any breach of Section 9.11 or this Section 9.12 by its Employees and Representatives.

## **ARTICLE 10**

### **ADDITIONAL COVENANTS**

#### **10.1 Directors**

In connection with the Closing, the Purchaser Board will adopt resolutions setting the number of directors of the Purchaser at four, two of which will be nominees of the Purchaser and two of which will be nominees of the Target Vendors. Anthony Jackson will serve as one of the initial Purchaser nominees. On the date that is six months from the Closing Date, the Purchaser agrees that the number of directors will increase to five, with the additional nominee being appointed by the Target Vendors.

#### **10.2 Management Agreements**

The Parties agree that, within 30 days of the Closing, the Purchaser will enter management agreements with each of Jeff Koslosky and Chris Miller, on terms to be mutually agreed upon.

#### **10.3 Bridge Loan**

The Target and the Purchaser or the Target, as applicable, agree that, on Closing, the Bridge Loan will be deemed to be an inter-company loan.

## **ARTICLE 11**

### **TERMINATION**

#### **11.1 Termination**

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

- (a) mutual written agreement of the Purchaser and the Target;
- (b) the Purchaser, if there has been a material breach by the Target or a Target Vendor of any material representation, warranty, covenant or agreement set forth in this Agreement on the part of the Target or a Target Vendor that is not cured, to the reasonable satisfaction of the Purchaser, within ten Business Days after notice of such breach is given by the Purchaser to the Target (except that no

cure period will be provided for a breach by the Target or a Target Vendor that, by its nature, cannot be cured);

- (c) the Target, if there has been a material breach by the Purchaser of any material representation, warranty, covenant or agreement set forth in this Agreement on the part of the Purchaser that is not cured, to the reasonable satisfaction of the Target within ten Business Days after notice of such breach is given by the Target to the Purchaser (except that no cure period will be provided for a breach by the Purchaser that by its nature cannot be cured);
- (d) either the Purchaser or the Target if any Order of a Governmental Body of competent authority preventing the consummation of the transactions contemplated by this Agreement has become final and non-appealable;
- (e) either the Purchaser or the Target if the transactions contemplated herein have not been consummated prior to January 15, 2018, unless otherwise extended by the written agreement of the Purchaser and the Target;
- (f) the Purchaser if the Target Board authorizes the Target to enter into a legally binding agreement relating to a Superior Proposal; or
- (g) the Target if the Target Board authorizes the Target, subject to complying with the terms of this Agreement, to enter into a legally binding agreement with respect to a Superior Proposal.

## **11.2 Agreement of No Further Force or Effect**

If either the Purchaser or the Target wishes to terminate this Agreement pursuant to Section 11.1 (other than pursuant to Section 11.1(a)), such Party shall give written notice of such termination to the other Party. In the event of the termination of this Agreement as provided in Section 11.1, this Agreement will be of no further force or effect, except as otherwise expressly contemplated hereby and provided that the provisions in Sections 9.9, 9.10, 11.2, 13.1, 13.5, 13.7 and 13.8 shall survive any termination hereof; and provided further that no termination of this Agreement will relieve any Party of liability for any breaches of this Agreement that are based on a wrongful refusal or failure to perform any obligations under this Agreement.

## **ARTICLE 12 INDEMNITIES**

### **12.1 Agreement of the Purchaser to Indemnify**

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

- (a) the material breach by the Purchaser of any representation or warranty of the Purchaser contained in, or made pursuant to, any Transaction Document; or

- (b) the material breach or partial breach by the Purchaser of any covenant or agreement of the Purchaser made in, or pursuant to any Transaction Document.

## 12.2 Agreement of the Target and the Target Vendors to Indemnify

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

- (a) the material breach by the Target and/or a Target Vendor of any representation or warranty of the Target and/or a Target Vendor contained in, or made pursuant to, any Transaction Document;
- (b) the material breach or partial breach by the Target and/or a Target Vendor of any covenant or agreement of the Target and/or a Target Vendor made in, or made pursuant to, any Transaction Document; or
- (c) any tax arising as a result of the sale of the Target Securities by the Target Vendors.

## 12.3 Third Party Claims

- (a) If any third party notifies a Party entitled to indemnification under Section 12.1 or 12.2 (each an “**Indemnified Party**”) with respect to any matter (a “**Third-Party Claim**”) which may give rise to an indemnity claim against a Party required to indemnify such Indemnified Party under Section 12.1 or 12.2 (each an “**Indemnifying Party**”), then the Indemnified Party will promptly give written notice to the Indemnifying Party; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party will relieve the Indemnifying Party from any obligation under this Article 12, except to the extent such delay actually and materially prejudices the Indemnifying Party.
- (b) The Indemnifying Party will be entitled to participate in the defense of any Third-Party Claim that is the subject of a notice given by the Indemnified Party pursuant to Section 12.3(a). In addition, the Indemnifying Party will have the right to defend the Indemnified Party against the Third-Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party so long as: (i) the Indemnifying Party gives written notice to the Indemnified Party within 15 days after the Indemnified Party has given notice of the Third-Party Claim that the Indemnifying Party elects to assume the defense of such Third-Party Claim; (ii) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have adequate financial resources to defend against the Third-Party Claim and fulfill its indemnification obligations hereunder; (iii) if the Indemnifying Party is a party to the Third-Party Claim or, in the reasonable opinion of the indemnified Party, some other actual or potential conflict of interest exists between the Indemnifying Party and the Indemnified Party, the Indemnified Party

determines in good faith that joint representation would not be inappropriate; (iv) the Third-Party Claim does not relate to or otherwise arise in connection with Taxes or any criminal or regulatory enforcement action; (v) settlement of, an adverse judgment with respect to or the Indemnifying Party's conduct of the defense of the Third-Party Claim is not, in the good faith judgment of the Indemnified Party, likely to be materially adverse to the Indemnified Party's reputation or continuing business interests (including its relationships with current or potential customers, suppliers or other parties material to the conduct of its business); and (vi) the Indemnifying Party conducts the defense of the Third-Party Claim actively and diligently. The Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third-Party Claim; provided, however, that the Indemnifying Party will pay the reasonable fees and expenses of separate co-counsel retained by the Indemnified Party that are incurred prior to the Indemnifying Party's assumption of control of the defense of the Third-Party Claim.

- (c) The Indemnifying Party will not consent to the entry of any judgment, or enter into any compromise or settlement, with respect to the Third-Party Claim without the prior written consent of the Indemnified Party, unless such judgment, compromise or settlement: (i) provides for the payment by the Indemnifying Party of money as sole relief for the claimant; (ii) results in the full and general release of the Indemnified Party from all Liabilities arising or relating to, or in connection with, the Third-Party Claim; and (iii) involves no finding or admission of any violation of Applicable Laws or the rights of any Person and has no effect on any other claims that may be made against the Indemnified Party.
- (d) If the Indemnifying Party does not deliver the notice contemplated by Section 12.3(b)(i), or the evidence contemplated by Section 12.3(b)(ii), within 15 days after the Indemnified Party has given notice of the Third-Party Claim, or otherwise at any time fails to conduct the defense of the Third-Party Claim actively and diligently, the Indemnified Party may defend, and may consent to the entry of any judgment or enter into any compromise or settlement with respect to, the Third-Party Claim in any manner it may deem appropriate; provided, however, that the Indemnifying Party will not be bound by the entry of any such judgment consented to, or any such compromise or settlement effected, without its prior written consent (which consent will not be unreasonably withheld or delayed). In the event that the Indemnified Party conducts the defense of the Third-Party Claim pursuant to this Section 12.3(d), the Indemnifying Party will: (i) advance the Indemnified Party promptly and periodically for the costs of defending against the Third-Party Claim (including reasonable attorneys' fees and expenses); and (ii) remain responsible for any and all other Losses that the Indemnified Party may incur or suffer resulting from, arising out of, relating to, in the nature of or caused by the Third-Party Claim to the fullest extent provided in this Article 12.

## **12.4 Exclusive Remedy**

After the Closing, this Article 12 will be the sole and exclusive remedy for any inaccuracy of any representation and warranty, or breach of any covenant or obligation, made in connection with this Agreement.

## **ARTICLE 13** **GENERAL**

### **13.1 Expenses**

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

### **13.2 Indemnifications Not Affected by Investigation**

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

### **13.3 Assignment**

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 each of the Target Vendors. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of, the successors and permitted assigns of each of the Parties, as applicable. Nothing expressed or referred to in this Agreement will be construed to give any Person, other than the Parties, any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the Parties and their successors and assigns, as applicable.

### **13.4 Notices**

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



If to the Purchaser:

Super Nova Petroleum Inc.  
Suite 318, 1199 West Pender Street  
Vancouver, British Columbia V6E 2R1  
Attention: Wolf Wiese  
Email: wolf@goldendawnminerals.com

With a copy to (which will no constitute notice):

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

If to the Target or any Target Vendor:

Koios, LLC  
Unit B, 3799 Williams Street  
Denver, Colorado 80205  
Attention: Jeff Koslosky  
Email: jeff@peakventures.me

Attention: Chris Miller  
Email: chris@chrismillertv.com

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

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

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

### **13.5 Independent Legal Advice**

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

### **13.6 Governing Law; Venue**

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

### **13.7 Severability**

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

### **13.8 Entire Agreement**

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

### **13.9 Further Assurances**

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

### **13.10 Enurement**

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

### **13.11 Amendment**

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

**13.12 Schedules and Target Disclosure Statement**

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

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

### 13.13 Counterparts

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

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

#### SUPER NOVA PETROLEUM INC.

Per: "Wolf Wiese"  
Authorized Signatory

#### KOIOS, LLC

Per: "Chris Miller"  
Authorized Signatory  
Name: Chris Miller  
Position: CEO

#### WILLIAMS ST. LLC

Per: "Chris Miller"  
Authorized Signatory  
Name: Chris Miller  
Position: CEO

#### PANORAMA INVESTMENT GROUP

Per: "Jeffrey S. Koslosky"  
Authorized Signatory  
Name: Jeffrey S. Koslosky  
Position: Member

**SCHEDULE A**

**TARGET VENDORS AND CONSIDERATION SHARES**

<b>Name and Address of Target Vendor</b>	<b>Share of Target Membership Interests as at the Execution Date</b>	<b>Number of Target Shares to be received in connection with Target LLC Conversion</b>	<b>Number of Consideration Shares to be Issued</b>
Williams St. LLC 3799 Williams Street, Unit B Denver, CO 80205	50%	TBD	7,500,000
Panorama Investment Group 10714 Flatiron Road Littleton, CO 80124	50%	TBD	7,500,000
<b>Total</b>	100%		15,000,000

## SCHEDULE B

### TARGET VENDOR CERTIFICATE

Capitalized terms used but not otherwise defined in this Target Vendor Certificate (this “**Certificate**”) have the meanings given to such terms in that certain share exchange agreement dated October 20, 2017 (the “**Agreement**”) among Super Nova Petroleum Corp. (the “**Purchaser**”), Koios, LLC (the “**Target**”), and the holders of Target Securities, including the undersigned (the “**Vendor**”).

In connection with the issuance of the Consideration Shares to the Vendor pursuant to the terms of the Agreement, the Vendor hereby represents, warrants, acknowledges and agrees, as an integral part of the Agreement, that, as at the Execution Date and as at the Closing:

1. the Vendor satisfies one or more of the categories of “**Accredited Investor**”, as defined by Regulation D promulgated under the Securities Act, as indicated below: (Please initial in the space provide those categories, if any, of an Accredited Investor which the Vendor satisfies.)

\_\_\_\_\_ Category 1 an organization described in Section 501(c)(3) of the United States Internal Revenue Code, a corporation, a Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Consideration Shares, with total assets in excess of US\$5,000,000,

\_\_\_\_\_ Category 2 a natural person whose individual net worth, or joint net worth with that person’s spouse exceeds US\$1,000,000, calculated by (i) not including the person’s primary residence as an asset; (ii) not including indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of the securities as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess will be included as a liability); and (iii) including indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of the securities as a liability,

\_\_\_\_\_ Category 3 a natural person who had an individual income in excess of US\$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of US\$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year,

- \_\_\_\_\_ Category 4 a private business development company as defined in Section 202(a)(22) of the *Investment Advisers Act of 1940* (United States),
- \_\_\_\_\_ Category 5 a director or executive officer of the Target who will continue to be a director or executive officer of the Purchaser after the Closing,
- \_\_\_\_\_ Category 6 a trust with total assets in excess of US\$5,000,000, not formed for the specific purpose of acquiring the Consideration Shares, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the 1933 Act, or
- \_\_\_\_\_ Category 7 an entity in which all of the equity owners satisfy the requirements of one or more of the foregoing categories.

Note that if the Vendor is claiming to satisfy one of the above categories of Accredited Investor, the Vendor may be required to supply the Purchaser with a balance sheet, prior years' federal income tax returns or other appropriate documentation to verify and substantiate the Vendor's status as an Accredited Investor.

If the Vendor is an entity which initialled Category 7 in reliance upon the Accredited Investor categories above, state the name, address, total personal income from all sources for the previous calendar year, and the net worth (exclusive of home, home furnishings and personal automobiles) for each equity owner of the said entity:

\_\_\_\_\_;

2. this Certificate forms part of the Agreement (a copy of which has been provided to the Vendor) and by executing this Certificate, the Vendor agrees to be bound by all terms, conditions and obligations of or relating to the Vendor contained in the Agreement, and all of such terms, conditions and obligations, and any representations and warranties of the Vendor contained in the Agreement, are expressly incorporated by reference herein;
3. it is the registered and beneficial owner of the number of Target Securities listed next to its name in Schedule A to the Agreement, free and clear of all Liens, and the Vendor has no interest, legal or beneficial, direct or indirect, in any other Target Securities or Target Assets;
4. no Person has or will have any agreement or option, or any right capable at any time of becoming an agreement, to purchase or otherwise acquire the Target Securities held by the Vendor, or to require the Vendor to sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber, any of the Target Securities held by the Vendor, other than under the Agreement;
5. there are no agreements that could restrict the transfer of any of the issued and outstanding Target Securities held by the Vendor, and no voting agreements, shareholders' agreements, voting trusts, or other arrangements restricting or affecting

the voting of any of the Target Securities held by the Vendor to which the Vendor is a party or of which the Vendor is aware;

6. it has the legal capacity and competence to enter into the Agreement, execute this Certificate, and take all actions required pursuant hereto and, if it is a corporate entity, it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and all necessary approvals by its directors, shareholders and others have been obtained to authorize the execution and performance of this Agreement on behalf of the Vendor, and to transfer the beneficial title and ownership of its respective Target Securities to the Purchaser;
7. the representations and warranties of the Vendor hereunder will survive the Closing and the issuance of the Consideration Shares to the Vendor and, notwithstanding the Closing, or the waiver of any condition by the Purchaser, the representations, warranties, covenants and agreements of the Vendor and the Target set forth in the Agreement will (except where otherwise specifically provided in the Agreement) survive the Closing and will continue in full force and effect indefinitely;
8. none of the Consideration Shares have been or will be registered under the 1933 Act, or under any state securities or "blue sky" laws of any state of the United States, and if initially issued to a Person other than a U.S. Person as that term is defined in Regulation S, may not be offered or sold in the United States or, directly or indirectly, to U.S. Persons, except in accordance with the provisions of Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and in compliance with any Applicable Securities Laws;
9. the Vendor understands and agrees that offers and sales of any of the Consideration Shares will be made only in compliance with the registration provisions of the 1933 Act or an exemption therefrom, and in each case only in accordance with Applicable Securities Laws;
10. the Vendor understands and agrees not to engage in any hedging transactions involving any of the Consideration Shares unless such transactions are in compliance with the provisions of the 1933 Act, and in each case only in accordance with Applicable Securities Laws;
11. the Vendor is acquiring the Consideration Shares for investment only and not with a view to resale or distribution and, in particular, it has no intention to distribute either directly or indirectly any of the Consideration Shares in the United States or to U.S. Persons;
12. except as set out in the Agreement, the Purchaser has not undertaken, and will have no obligation, to register any of the Consideration Shares under the 1933 Act;
13. the Purchaser is entitled to rely on the acknowledgements, agreements, representations and warranties, and the statements and answers of the Vendor, contained in the Transaction Documents, including this Certificate, and the Vendor will hold harmless the Purchaser from any loss or damage either one may suffer as a result of any such acknowledgements, agreements, representations, notwithstanding any independent



searches or investigations that have been or may be undertaken by or on behalf of the Purchaser, and no information which is now known or should be known, or which may hereafter become known, by the Purchaser or its officers, directors or professional advisers, prior to the Closing, will limit or extinguish the Purchaser's right to indemnification hereunder;

14. the Vendor has been advised to consult its own respective legal, tax and other advisors with respect to the merits and risks of an investment in the Consideration Shares and, with respect to applicable resale restrictions, is solely responsible (and the Purchaser is not in any way responsible) for compliance with applicable resale restrictions;
15. the Vendor and the Vendor's advisor(s) have had a reasonable opportunity to ask questions of and receive answers from the Purchaser in connection with the acquisition of the Consideration Shares, and to obtain additional information, to the extent possessed or obtainable by the Purchaser without unreasonable effort or expense;
16. the books and records of the Purchaser were available upon reasonable notice for inspection, subject to certain confidentiality restrictions, by the Vendor during reasonable business hours at its principal place of business, and all documents, records and books in connection with the acquisition of the Consideration Shares have been made available for inspection by the Vendor, the Vendor's attorney and/or advisor(s);
17. the Vendor: (a) is able to fend for itself in connection with the acquisition of the Consideration Shares, (b) has such knowledge and experience in business matters as to be capable of evaluating the merits and risks of its prospective investment in the Consideration Shares, and (c) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment;
18. the Vendor is not aware of any advertisement of any of the Consideration Shares and is not acquiring the Consideration Shares as a result of any form of general solicitation or general advertising including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
19. except as set out in the Agreement, no Person has made to the Vendor any written or oral representations:
  - (a) that any Person will resell or repurchase any of the Consideration Shares,
  - (b) that any Person will refund the purchase price of any of the Consideration Shares, or
  - (c) as to the future price or value of any of the Consideration Shares;
20. the Vendor is acquiring the Consideration Shares as principal for its own account, for investment purposes only, and not with a view to, or for, resale, distribution or fractionalization thereof, in whole or in part, and no other Person has a direct or indirect beneficial interest in the Consideration Shares;

21. neither the SEC nor any other securities commission or similar regulatory authority has reviewed or passed on the merits of the Consideration Shares;
22. the Purchaser will refuse to register any transfer of Consideration Shares not made in accordance with the provisions of Regulation S, pursuant to registration under the 1933 Act, or pursuant to an available exemption from registration under the 1933 Act;
23. in addition to restrictions imposed by the Escrow Agreement, and such legends as are required under applicable Canadian securities laws, the certificate(s) representing the Consideration Shares issued to the Vendor will bear the following legend

"NONE OF THE SECURITIES REPRESENTED HEREBY HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY U.S. STATE SECURITIES LAWS, AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY BY A PERSON WHO IS NOT A U.S. PERSON, IN THE UNITED STATES (AS DEFINED HEREIN) OR TO U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S UNDER THE 1933 ACT, PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT, OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND IN EACH CASE ONLY IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE 1933 ACT.";

24. the address of the Vendor as set out on the signature page to this Certificate is the sole address of the Vendor;
25. this Certificate may be executed and delivered by email transmission or other form of electronic transmission capable of producing a printed copy and in any case will be deemed to be an original; and

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26. the Vendor waives all claims and actions connected with the issuance of or rights attached to the Target Securities or the Consideration Shares, including the benefit of any representations, warranties and covenants in favour of the Vendor contained in any share purchase or subscription agreement(s) for such Target Securities or Consideration Shares, including the Agreement, and any registration, liquidation or other rights by and between or among the Vendor and any other Person, which may be triggered as a result of the consummation of the Transaction.

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

\_\_\_\_\_  
(Signature of Vendor or Authorized Signatory of Vendor if not an individual)

\_\_\_\_\_  
(Name of Vendor - if an Individual)

\_\_\_\_\_  
(Name of Authorized Signatory - if not an Individual)

\_\_\_\_\_  
(Title of Authorized Signatory - if not an Individual)

\_\_\_\_\_  
(SIN, SSN, or other Tax ID Number of the Vendor)

\_\_\_\_\_  
(Address of Vendor, including city, state of residence and zip code)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Email Address)

**Register the Consideration Shares as set forth below:**

**Deliver the Consideration Shares as set forth below:**

\_\_\_\_\_  
(Name to Appear on Share Certificate)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address for Registration, including city, state of residence and postal code)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Contact Name)

\_\_\_\_\_  
(Telephone Number)