

# ASSET PURCHASE AGREEMENT

**THIS ASSET PURCHASE AGREEMENT** is between Green Star Biosciences Inc. (the “**Seller**”) and Ionic Brands Corp. (the “**Purchaser**”) dated as of the 22 day of February, 2021.

## RECITALS:

**WHEREAS**, the Seller is the owner of the Purchased Assets (as hereinafter defined); and

**WHEREAS**, the Seller desires to sell and convey and the Purchaser desires to purchase the Purchased Assets pursuant to the terms of this Agreement.

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

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions.

In this Agreement, in addition to terms defined elsewhere in this Agreement, the following terms have the following meanings:

- 1.1.1 “**Accounts Receivable**” has the meaning ascribed to such term in §2.1.1(b).
- 1.1.2 “**Acquisition Proposal**” means any inquiry, proposal or offer from any Person (other than the Purchaser) relating to the direct or indirect disposition, whether by sale, amalgamation or otherwise, of all or any portion of the Seller’s right in and to the Purchased Assets.
- 1.1.3 “**Agreement**” means this asset purchase agreement as it may be confirmed, amended, modified, supplemented, or restated by written agreement between the Parties.
- 1.1.4 “**Ancillary Agreements**” means such agreements, documents, instruments or contracts entered under this Agreement including the Assignment Agreements and the General Assignment and Bill of Sale.
- 1.1.5 “**Applicable Law**” means, in respect of any Person, property, transaction, event or other matter, any present or future law, statute, regulation, code, ordinance, principle of common law or equity, municipal by-law, treaty or order, domestic or foreign, applicable to that Person, property, transaction, event or other matter and, whether or not having the force of law, all applicable requirements, requests, official directives, rules, consents, approvals, authorizations, guidelines, and policies of any governmental authority having or purporting to have authority over that Person, property, transaction, event or other matter and regarded by such governmental authority as requiring compliance.

- 1.1.6 “**Assignment Agreements**” means, collectively, the Cowlitz Option Assignment Agreement and the Cowlitz Lease Assignment Agreement.
- 1.1.7 “**Assumed Contracts**” has the meaning ascribed to such term in §2.1.1(a).
- 1.1.8 “**Assumed Liabilities**” has the meaning ascribed to such term in §4.1.1.
- 1.1.9 “**Breach**” means a breach of a representation, warranty, covenant, obligation, or other provision of this Agreement or any instrument delivered pursuant hereto, and will be deemed to have occurred if there is or has been any inaccuracy in, or breach of, or any failure to perform, or comply with, such representation, warranty, covenant, obligation, or other provision.
- 1.1.10 “**Business**” means the business of the Company, in respect of its business as a licensed cannabis producer and processor located in Washington, U.S.A.
- 1.1.11 “**Business Day**” means any day excluding a Saturday, Sunday, or statutory holiday in the State of Washington or Vancouver, British Columbia.
- 1.1.12 “**Cash Consideration**” has the meaning ascribed to such term in §3.1.2(c).
- 1.1.13 “**Closing**” means completion of the sale of the Purchased Assets under this Agreement.
- 1.1.14 “**Closing Date**” means the date on which the Closing occurs.
- 1.1.15 “**Company**” means Cowlitz County Cannabis Cultivation Inc., a corporation existing under the laws of the State of Washington, USA.
- 1.1.16 “**Consideration Preferred Shares**” has the meaning ascribed to such term in §3.1.2(a).
- 1.1.17 “**Consideration Securities**” means, collectively, the Consideration Preferred Shares and the Consideration Warrants.
- 1.1.18 “**Consideration Warrants**” has the meaning ascribed to such term in §3.1.2(b).
- 1.1.19 “**Cowlitz Lease**” means the lease and sublease (as amended, supplemented, restated or otherwise modified from time to time) relating to the building located at 1445 Industrial Way, Building 19B, Longview, Washington, 98632.
- 1.1.20 “**Cowlitz Lease Assignment Agreement**” means the assignment and assumption agreement pursuant to which the Seller shall assign, and the Purchaser shall assume, all of the rights, benefits and obligations of the Seller under the Cowlitz Lease, substantially in the form set forth in Schedule “1.1.19”.
- 1.1.21 “**Cowlitz Option Agreement**” means the option agreement dated May 17, 2018 among the Seller, the Company, ██████████ and ██████████ providing for the option, on the terms and conditions set out therein, to purchase all of the issued and outstanding shares of the capital of the Company.

- 1.1.22 “**Cowlitz Option Assignment Agreement**” means the assignment and assumption agreement pursuant to which the Seller shall assign, and the Purchaser shall assume, all of the rights, benefits and obligations of the Seller under the Cowlitz Option Agreement, substantially in the form set forth in Schedule “1.1.22”.
- 1.1.23 “**Damages**” means, whether or not involving a third party claim, any actual out-of-pocket losses, damages, liabilities, costs or expenses, including reasonable legal fees, but excluding loss of profits, punitive, exemplary, indirect, special and consequential damages.
- 1.1.24 “**Debentures**” means the 10.0% secured convertible debentures of the Purchaser due May 16, 2022 governed by the amended and restated debenture indenture dated December 20, 2019, as supplemented, between the Purchaser and Odyssey Trust Company.
- 1.1.25 “**Encumbrance**” means any security interest, mortgage, charge, pledge, hypothec, lien, encumbrance, restriction, option, adverse claim, right of others, or other encumbrance of any kind.
- 1.1.26 “**ETA**” means the *Excise Tax Act* (Canada).
- 1.1.27 “**Exchange**” means the Canadian Securities Exchange.
- 1.1.28 “**General Assignment and Bill of Sale**” has the meaning ascribed to such term in §2.1.1(a).
- 1.1.29 “**General Security Agreement**” has the meaning ascribed to such term in §2.1.1(d).
- 1.1.30 “**Intellectual Property**” means:
- (a) trade-marks, design marks, logos, service marks, certification marks, official marks, trade names, business names, corporate names, trade dress, distinguishing guises, slogans, meta tags, keywords, adwords and other characters, brand elements or other distinguishing features used in association with goods or services, whether or not registered or the subject of an application for registration and whether or not registrable, and associated goodwill;
  - (b) inventions, arts, processes, machines, articles of manufacture, compositions of matter, business methods, formulae, developments and improvements, whether or not patented or the subject of an application for patent and whether or not patentable, methods and processes for making any of them, and related documentation (whether in written or electronic form) and know-how;
  - (c) software in source code or object code form, documentation, literary works, artistic works, pictorial works, graphic works, musical works, dramatic works, audio visual works, performances, sound recordings and signals, including their content, and any compilations of any of them, whether or not registered or the subject of an application for registration, or capable of being registered;

- (d) domain names, whether registered primary domain names or secondary or other higher level domain names;
  - (e) industrial designs and all variants of industrial designs, whether or not registered or the subject of an application for registration and whether or not registrable;
  - (f) trade secrets, technical expertise, and research data and other confidential information relating to goods and services; and
  - (g) owned by the Seller relating to the Business prior to Closing, and includes, but is not limited to, the intellectual property listed or described in Schedule “1.1.30”.
- 1.1.31 “**Intellectual Property Rights**” means right, title, and interest in, to, and associated with the Intellectual Property.
- 1.1.32 “**Inventor**” means an individual who conceived, developed, reduced to practice or definite and practical shape, invented, authored, wrote, created, or otherwise produced the Intellectual Property or any part thereof.
- 1.1.33 “**ITA**” means the *Income Tax Act* (Canada).
- 1.1.34 “**Knowledge of the Seller**” or any other similar knowledge qualification means the actual knowledge of the Person then being referred to in this Agreement.
- 1.1.35 “**Note Payable**” has the meaning ascribed to such term in §3.1.2(d).
- 1.1.36 “**Outside Date**” means March 31, 2021, or such later date as the Parties may agree in writing.
- 1.1.37 “**Parties**” means the Seller and the Purchaser, collectively, and “**Party**” means any one of them as the context permits.
- 1.1.38 “**Person**” is broadly interpreted and includes an individual, body corporate, partnership, joint venture, trust association, unincorporated organization, the executors, administrators or other legal representatives of an individual or any other entity recognized by law.
- 1.1.39 “**Purchased Assets**” has the meaning ascribed to such term in §2.1.1.
- 1.1.40 “**Purchaser Indemnified Persons**” has the meaning ascribed to such term in §10.1.1.
- 1.1.41 “**Purchaser Shares**” means common shares in the capital of the Purchaser.
- 1.1.42 “**Section 85 Tax Election**” has the meaning ascribed to such term in §5.5.
- 1.1.43 “**Securities Laws**” means the securities legislation having application, the regulations and rules thereunder and all administrative policy statements, instruments, blanket orders, notices, directions and rulings issued or adopted by the applicable securities regulatory authority, all as amended.

- 1.1.44 “**Seller Indemnified Persons**” has the meaning ascribed to such term in §10.2.1.
- 1.1.45 “**Series D Voting Preferred Shares**” means the preferred shares in the capital of the Purchaser to be created, the terms of which have been disclosed to the Seller in writing prior to the date hereof.
- 1.1.46 “**Tax**” means all taxes, duties, fees, premiums, assessments, imposts, levies, rates, withholdings, dues, government contributions and other charges of any kind imposed by any governmental authority, whether direct or indirect, together with all interest, penalties, fines, additions to tax or other additional amounts imposed in respect thereof and the term “**Taxes**” has a corresponding meaning.
- 1.1.47 “**Tax Law**” means any law that imposes Taxes or that deals with the administration or enforcement of liabilities for Taxes, including the ITA.
- 1.1.48 “**Transaction**” means the purchase and sale of the Purchased Assets in accordance with this Agreement.
- 1.1.49 “**Transfer Taxes**” means all Taxes levied on or measured by, or referred to as, GST/HST, QST, value-added, sales, provincial or state sales, consumption, use, transfer, land transfer, registration charges, gross receipt, turnover, excise or stamp taxes.

**1.2 Certain Rules of Interpretation.**

- 1.2.1 *Gender and Number.* In this Agreement, unless the context requires otherwise, words in one gender include all genders and words in the singular include the plural and vice versa.
- 1.2.2 *Headings.* The inclusion in this Agreement of headings of Articles and § are for convenience of reference only and are not intended to be full or precise descriptions of the text to which they refer.
- 1.2.3 *Section References and Schedules.* Unless the context requires otherwise, references in this Agreement to § or Schedules are to § or Schedules of this Agreement. For clarity, the Schedules of this Agreement are summarized as follows:

<b>Schedule</b>	<b>Description</b>
1.1.19	Form of Cowlitz Lease Assignment Agreement
1.1.22	Form of Cowlitz Option Assignment Agreement
1.1.30	Intellectual Property
2.1.1(a)	Assumed Contracts
3.1.2(a)	Terms and Attributes of Preferred Shares
3.1.2(d)	Form of Note Payable
5.2	Consents
6.1.2	Encumbrances
8.2.1(a)	General Assignment and Bill of Sale

- 1.2.4 *References to this Agreement.* The words “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions will be construed as referring to this Agreement in its entirety and not to any particular § or portion of it.
- 1.2.5 *Statute References.* Unless otherwise indicated, all references in this Agreement to any statute include the regulations thereunder, in each case as amended, re-enacted, consolidated or replaced from time to time and in the case of any such amendment, re-enactment, consolidation or replacement, reference herein to a particular provision will be read as referring to such amended, re-enacted, consolidated or replaced provision and also include, unless the context otherwise requires, all applicable guidelines, bulletins or policies made in connection therewith and which are legally binding.
- 1.2.6 *Document References.* All references herein to any agreement (including this Agreement), document or instrument mean such agreement, document or instrument as amended, supplemented, modified, varied, restated or replaced from time to time in accordance with the terms thereof and, unless otherwise specified therein, includes all schedules and exhibits attached thereto.
- 1.2.7 *Writing.* References to “in writing”, “written” and similar expressions include material that is printed, handwritten, typewritten, faxed, emailed, or otherwise capable of being visually reproduced at the point of reception.
- 1.2.8 *Time Periods.* Unless otherwise specified in this Agreement, time periods within which or following which any calculation or payment is to be made, or action is to be taken, will be calculated by excluding the day on which the period begins and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period will end on the next Business Day.

## **ARTICLE 2**

### **SALE AND PURCHASE OF PURCHASED ASSETS**

#### **2.1 Agreement of Purchase and Sale.**

- 2.1.1 By executing and delivering this Agreement, the Parties agree that, subject to the terms of this Agreement, the Seller hereby agrees to sell, assign, transfer, convey, grant and deliver to the Purchaser, and the Purchaser hereby agrees to acquire and accept from the Seller, as of the Closing Date, all of the Seller’s right, title, interest, property and benefit in and to the following assets relating exclusively to the Business (the “**Purchased Assets**”), free and clear of all Encumbrances except as otherwise indicated in Schedule “6.1.2”:
- (a) all leases, contracts, agreements and arrangements, whether written or oral, relating to the Business, including those listed in Schedule “2.1.1(a)” (the “**Assumed Contracts**”), including the Seller’s right, title and interest in and to: (i) the Cowlitz Option Agreement, which Cowlitz Option Agreement shall be transferred by way of an assignment pursuant to the Cowlitz Option Assignment Agreement; and (ii) the Cowlitz Lease, which lease shall be transferred by way of an assignment and

consent pursuant to the Cowlitz Lease Assignment Agreement, in each case, to be entered into between the Seller and the Purchaser on Closing;

- (b) all account receivables of the Seller relating exclusively to the Business (the “**Accounts Receivable**”);
- (c) all Intellectual Property owned or licenced by the Seller and relating exclusively to the Business; and
- (d) all tangible assets set forth on Schedule “2.1.1(d)”.

2.2 **Excluded Assets.** Other than the Purchased Assets contemplated by this Agreement, all of the Seller’s rights, title, and interest of every kind and nature in and to all of the assets owned by the Seller that are used in, beneficial to, incidental to, resulting from, related to or otherwise associated with the Seller and the Business, whether tangible, intangible, personal or real and wherever located and by whomever possessed, will remain the Seller and the Company’s property.

2.3 **Allocation of Purchase Price.** The Purchase Price will be allocated among the Purchased Assets in accordance with allocations provided by the Seller to the Purchaser in writing at or prior to the Closing. The Seller and the Purchaser will cooperate in filing any elections under the ITA and other Tax Laws that are necessary to give effect to this allocation for Tax purposes. The Purchaser and the Seller will prepare and file their Tax returns in a manner consistent with that allocation and those elections.

2.4 **Board Composition.** Upon Closing, the board of directors of the Purchaser will be restructured to be comprised of seven (7) members, consisting of two (2) directors as determined by the Seller, four (4) directors as determined by the Purchaser, and one (1) director as determined by holders of at least 50% of the principal amount of the outstanding Debentures, in each case subject to requirements of the Exchange and applicable Securities Laws.

2.5 **Management.** Upon Closing, the management of the Purchaser is expected to consist of John Gorst as Chief Executive Officer, and such other officers as agreed between the Purchaser and the Seller or determined by the board of directors of the Purchaser.

2.6 **Management Compensation.** The equity compensation packages for John Gorst and other management of the Purchaser, including the terms thereof, will be reviewed and approved by the newly constituted compensation committee and board of directors of the Purchaser, it being understood that such compensation packages will be in amounts comparable to other similarly situated companies in the industry in which the Purchaser operates, and that stock options of the Purchaser will be issued to key management and directors of the Purchaser as soon as commercially practicable after Closing, and the Purchaser will be responsible for the payment of any severance to senior officers of the Purchaser prior to the Closing, subject to the consent of the Seller, not to be unreasonably withheld. Any severance payable by the Seller as a result of the Transaction will be paid by Seller.

## ARTICLE 3 CONSIDERATION

### 3.1 **Purchase Price and Payment.**

3.1.1 The purchase price (the “**Purchase Price**”) payable to the Seller for the Purchased Assets is C\$32,000,000, plus applicable Transfer Taxes.

3.1.2 The Purchase Price will be paid and satisfied by the Purchaser on the Closing Date as follows:

- (a) the Purchaser will issue to the Seller 100,406,701 Series E Nonvoting Preferred Shares (the “**Consideration Preferred Shares**”) at a deemed price of C\$0.30 per Consideration Preferred Share with the rights and attributes as set out in Schedule “3.1.2(a)”;
- (b) the Purchaser will also issue to the Seller common share purchase warrants to purchase up to 4,000,000 Purchaser Shares substantially in the form provided in Schedule “3.1.2(b)” (the “**Consideration Warrants**”), where each Consideration Warrant entitles the holder thereof to acquire one Purchaser Share at C\$0.30 per share for a period of five years from the date of issuance;
- (c) payment of C\$1,750,000 in cash by wire transfer, bank draft or certified cheque (the “**Cash Consideration**”); and
- (d) a secured promissory note of USD\$50,000 (C\$63,070), maturing two years from the date of issue and carrying an annual interest rate of 7% interest secured against the Purchased Assets substantially in the form provided in Schedule “3.1.2(d)” (the “**Note Payable**”).

### 3.2 **Trading Restrictions on Consideration Securities.**

3.2.1 The Consideration Preferred Shares and any Purchaser Shares issuable upon conversion thereof will be subject to the following restrictions on transfer, subject to obtaining the prior written consent of the Purchaser, not to be unreasonably withheld (in addition to any other transfer restrictions as may be required by Securities Laws applicable to the holder of the Consideration Preferred Shares and any Purchaser Shares issuable upon conversion thereof):

- (a) 20% of the total number of Consideration Preferred Shares (and any Purchaser Shares issuable upon conversion thereof) will be restricted from trading for a period of seven (7) months from the Closing Date;
- (b) 20% of the total number of Consideration Preferred Shares (and any Purchaser Shares issuable upon conversion thereof) will be restricted from trading for a period of ten (10) months from the Closing Date;



- (c) 20% of the total number of Consideration Preferred Shares (and any Purchaser Shares issuable upon conversion thereof) will be restricted from trading for a period of thirteen (13) months from the Closing Date;
- (d) 20% of the total number of Consideration Preferred Shares (and any Purchaser Shares issuable upon conversion thereof) will be restricted from trading for a period of fifteen (15) months from the Closing Date; and
- (e) 20% of the total number of Consideration Preferred Shares (and any Purchaser Shares issuable upon conversion thereof) will be restricted from trading for a period of eighteen (18) months from the Closing Date.

Subject to applicable Securities Laws, notwithstanding the above, the Purchaser agrees that the Seller may transfer all or a portion of the Consideration Preferred Shares to one or more third parties on or concurrently with Closing; provided that such Consideration Preferred Shares (and any Purchaser Shares issuable upon conversion thereof) shall remain subject to the restrictions on transfer set out in this section.

- 3.2.2 The Seller agrees that certificates representing the Consideration Securities (and any Purchaser Shares issuable on conversion thereof) may bear a legend indicating that the resale of such securities is restricted.
- 3.2.3 The Seller acknowledges and agrees that the Seller will not convert any of its Consideration Preferred Shares or exercise any of its Consideration Warrants if such conversion or exercise, as the case may be, would result in the Seller holding more than 9.99% of the issued and outstanding Purchaser Shares at the time of such exercise or conversion.
- 3.2.4 The Purchaser will be liable for and will pay all Taxes, including all Transfer Taxes, properly payable by the Purchaser in connection with the sale and transfer of the Purchased Assets and, on request of the Seller, the Purchaser shall furnish proof to the Seller of any direct payment to a governmental authority of Transfer Taxes, as applicable. The Purchaser shall indemnify and save harmless the Seller from any amounts, including interest and penalties, that may be assessed against the Seller arising out of the failure of the Seller to collect or the Purchaser to pay, when due, any Taxes described in this section.

## **ARTICLE 4 LIABILITIES**

### **4.1 Liabilities.**

- 4.1.1 *Assumed Liabilities.* On Closing, and subject to the terms and conditions of this Agreement, the Purchaser agrees to assume the following liabilities and obligations of the Seller relating to the Purchased Assets (the “**Assumed Liabilities**”):
  - (a) all liabilities arising or incurred after the Closing in connection with or related to the Purchased Assets;

- (b) obligations under the Assumed Contracts, in each case in respect of the period commencing on the Closing Date and not related to any circumstances or default existing prior to the Closing; and
- (c) liabilities for Taxes after the Closing Date associated with the Purchased Assets.

4.1.2 *Liabilities Not Assumed.* The following liabilities of the Seller not specifically assumed by the Purchaser as noted herein will remain the responsibility of the Seller and are not Assumed Liabilities:

- (a) Taxes for the period prior to the Closing, except for any Taxes incurred as a result of the removal of assets from the Seller as they relate to the accounts receivables of the Business;
- (b) liabilities to shareholders or persons not dealing at arm's length with the Seller;
- (c) liabilities to banks and other financial institutions; and
- (d) all liabilities not expressly assumed in §4.1.1 above.

## **ARTICLE 5 COVENANTS**

5.1 **Preservation of Property.** Until Closing, the Seller will use its best efforts to preserve the Purchased Assets intact and free and clear of all Encumbrances, except as otherwise identified in Schedule "6.1.2". The Seller will notify the Purchaser immediately upon the discovery of any event, fact, or development that causes, may cause, or will cause any material adverse effect on the Purchased Assets.

5.2 **Procure Consents.** The Seller will diligently take all reasonable steps required to obtain all consents, approvals, waivers and authorizations set forth in Schedule "5.2" prior to Closing. The Seller will be solely responsible for any and all costs, fees, and expenses required to be paid in connection therewith.

5.3 **Non-Solicitation.**

5.3.1 Until the termination of this Agreement in accordance with Article 9 hereof, the Seller will not, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. The Seller will immediately cease and cause to be terminated all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal.

5.3.2 In addition to the other obligations under §5.3.1, the Seller will promptly (and, in any event, within three Business Days after receipt thereof by the Seller) advise the Purchaser orally and in writing of any Acquisition Proposal, any request for

information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person making the same.

5.3.3 The Seller agrees that the rights and remedies for non-compliance with this §5.3 will include having such provision specifically enforced by any court of competent equitable jurisdiction, and the Seller acknowledges and agrees that any such breach or threatened breach will cause irreparable harm and that monetary damages would not provide an adequate remedy for the Purchaser.

5.4 **Debenture.** The Purchaser will arrange to have at least 90% of the principal amount of the outstanding Debentures converted into Series D Voting Preferred Shares of the Purchaser prior to Closing, resulting in obligations outstanding under the Debentures (including principal and accrued interest, if any) of no more than \$1,800,000 as at the Closing Date.

#### 5.5 **Tax Elections.**

5.5.1 **Tax Rollover.** The Purchaser agrees that it shall execute and file an election pursuant to subsection 85(1) of the ITA and any equivalent provision under any other Tax Law, in respect of the purchase and sale of the Purchased Assets and the Purchase Price paid pursuant to §3.1.2(a) and §3.1.2(b) (the “**Section 85 Tax Election**”) and, for that purpose, the Seller shall be entitled, in its sole discretion, to determine the “Agreed amount” on the Section 85 Election.

5.5.2 **Accounts Receivable Tax Election.** At the Seller’s request, the Seller and the Purchaser will execute and file, within the prescribed time limits, a joint election with respect to the Accounts Receivable under Section 22 of the ITA and any corresponding provisions of any other applicable Tax Law and will designate in that joint election the portion of the Purchase Price allocated to the Accounts Receivable as the consideration paid by the Purchaser to the Seller for the Accounts Receivable for the purposes of the election.

5.6 **Purchaser Conduct of Business.** The Purchaser covenants and agrees that, during the period from the date hereof until the Closing Date and the time that this Agreement is terminated in accordance with its terms, except as permitted by this Agreement, as required by law or with the consent of the Seller, the Purchaser will conduct its business and that of its direct and indirect subsidiaries in the ordinary course and, without limiting the generality of the foregoing, the Purchaser shall not:

5.6.1 amend its constating documents or that of its direct and indirect subsidiaries, other than in connection with the creation of the Series D Voting Preferred Shares and the Series E Nonvoting Preferred Shares;

5.6.2 split, combine, consolidate or reclassify any of its common shares or other securities, or declare, set aside or pay any dividend or other distribution thereon in stock or property or any combination thereof, or amend or modify any term of any outstanding debt security;

- 5.6.3 adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of the Purchaser or any of its direct or indirect subsidiaries;
- 5.6.4 enter into any contract, arrangement or understanding with any person (other than a direct or indirect wholly-owned subsidiary of the Purchaser) that does not deal at arm's length with the Purchaser within the meaning of the ITA; or
- 5.6.5 authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing.

5.7 **Conversion of Consideration Preferred Shares.** The Seller covenants and agrees with the Purchaser that, immediately upon Closing, the Seller will convert, in accordance with the terms thereof, the lesser of: (i) 9.99% of the total number of Consideration Preferred Shares issued to the Seller hereunder (disregarding fractions and rounding down to the nearest whole number of Consideration Preferred Share); and (ii) that number of Consideration Preferred Share that would, upon conversion, result in the Seller holding not more than 9.99% of the total issued and outstanding Purchaser Shares (on a post-converted basis). This covenant shall survive the Closing.

5.8 **Covenant re New Preferred Shares.** For so long as the Seller holds the Consideration Preferred Shares, the Purchaser covenants and agrees that it will not, without the Seller's prior written consent (not to be unreasonably withheld), issue preferred shares of any series (other than the Series D Voting Preferred Shares issuable on conversion of the Debentures) with rights, benefits and entitlements that rank senior to the rights, benefits and entitlements of the holders of Consideration Preferred Shares This covenant shall survive the Closing.

## ARTICLE 6 WARRANTIES AND REPRESENTATIONS

6.1 **Seller's Warranties and Representations.** The Seller represents and warrants to the Purchaser as of the date hereof that:

- 6.1.1 *Status of Seller.* The Seller is a corporation duly incorporated, organized, subsisting and in good standing under the laws of the jurisdiction of its incorporation. The Seller has the requisite corporate power and capacity to enter into this Agreement, to carry out its obligations hereunder, and to consummate the transactions contemplated hereby.
- 6.1.2 *Title to Assets.* The Seller is the lawful owner of the Purchased Assets and the Seller has a good marketable title thereto free and clear of all Encumbrances other than those listed in Schedule "6.1.2", and the delivery of the Purchased Assets to the Purchaser pursuant to this Agreement will convey to the Purchaser lawful, valid and indefeasible title thereto free of Encumbrances other than those listed in Schedule "6.1.2".
- 6.1.3 *Consents.* Except as disclosed, the Seller is under no obligation, contractual or otherwise, to request or obtain any consent or the approval of (or to give any notice to) any Person by virtue of or in connection with the execution, delivery or performance of this Agreement or the completion of the Transaction and will not result in a violation, breach or termination of, or any default under, or the creation of any Encumbrance under the terms of any Applicable Law.

- 6.1.4 *Corporate Authority.* The execution and delivery of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of the Seller and its shareholders. This Agreement and the Ancillary Agreements have been duly executed and delivered by the Seller and constitutes a legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of creditors' rights generally now or hereafter in effect, and subject to the availability of equitable remedies.
- 6.1.5 *No Conflicts.* The execution, delivery and performance of this Agreement and any Ancillary Agreement by the Seller and the consummation of the transactions contemplated hereby, do not and will not:
- (a) violate any law, regulation, judgment or order binding upon the Seller; or
  - (b) constitute or result in the breach of any provision of, or constitute a default under, any contract, agreement, instrument, commitment, or indenture to which the Seller is a party or by which the Seller or its assets may be bound.
- 6.1.6 *Governmental Consents and Filings.* The execution, delivery and performance of this Agreement and the Ancillary Agreements by the Seller and the consummation of the transactions contemplated hereby do not and will not require the consent, approval, order or authorization of, or registration, qualification, designation, declaration for filing with any governmental authority.
- 6.1.7 *No Bankruptcy, Litigation.* There has not been filed any petition or application, or any proceedings commenced, by or against, or with respect to any assets of, the Seller relating to bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt or creditors' rights; and the Seller has not made any assignment for the benefit of creditors. The Seller is not a party in any litigation or similar proceeding that may impose an Encumbrance on the Purchased Assets.
- 6.1.8 *Legal Compliance and Proceedings.* Except as disclosed, the Seller has not received any notice from any governmental authority alleging that it is not in compliance with all material legal requirements associated with the operation of the Purchased Assets and, to the Knowledge of the Seller, there is no pending proceeding: (i) that has been commenced by or against the Seller and that relates to or may affect the Business of, or any of the Purchased 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 hereunder.
- 6.1.9 *Taxes.* There are no Encumbrances for Taxes upon any of the Purchased Assets and no event has occurred with which the passage of time or the giving of notice, or both, could reasonably be expected to result in an Encumbrance for Taxes on any of the Purchased Assets.

6.1.10 *Assumed Contracts.*

- (a) True and correct copies of the Assumed Contracts have been delivered or made available to the Purchaser prior to the date hereof. Each of the Assumed Contracts is valid, unexpired, in full force and effect and binding upon the Seller and, to the Knowledge of the Seller, the other parties thereto in accordance with its terms.
- (b) Except as disclosed to the Purchaser, and to the Knowledge of the Seller, no party is in default under or in arrears in the performance, payment or satisfaction of any agreement or condition on its part to be performed or satisfied under any Assumed Contract, nor, to the Knowledge of the Seller, does any condition exist that with notice or lapse of time or both would constitute such a default. The Seller has not received any notice of, and to the Knowledge of the Seller, there are no (i) facts that would result in the termination, amendment, modification or breach of any Assumed Contracts, or (ii) intentions of any party to renegotiate, terminate, amend, modify or materially reduce the services under any Assumed Contracts. To the Knowledge of the Seller, no consent, approval or prior notice to any third party is required in order to assign all of the Assumed Contracts to the Purchaser or otherwise, as a result of the consummation of the transactions contemplated by this Agreement. After giving effect to the transactions contemplated by this Agreement, each of the Assumed Contracts will be valid and effective in accordance with its terms, and fully enforceable by the Purchaser against the other party or parties thereto.

6.1.11 *Intellectual Property.*

- (a) Schedule “1.1.30” sets forth a complete list of Intellectual Property that is required to carry on the Business as currently conducted.
- (b) The Intellectual Property is valid and enforceable.
- (c) To the Knowledge of the Seller, no licenses are required in order to make, construct, use or otherwise exploit the Intellectual Property.
- (d) No Intellectual Property is subject to any transfer, assignment, change of control or other operational limitations.
- (e) To the Knowledge of the Seller, no Person has infringed or misappropriated, or is infringing or misappropriating, any Intellectual Property Rights.
- (f) The exercise or utilization of the Purchased Assets does not, to the Knowledge of the Seller:
  - (i) breach, violate, conflict with, infringe, or interfere with any rights or obligations of, or duties owed to, any Person or require payment or consent for the exercise or use of any intellectual property of any Person;

- (ii) violate any right of any Person (including any right to privacy or publicity);  
or
  - (iii) constitute unfair competition or trade practices under the laws of any jurisdiction.
- (g) To the Knowledge of the Seller, there is no actual, pending or threatened litigation, proceeding, claim, demand, interference, conflict, arbitration, mediation, dispute resolution, suit, action, investigation or judicial review in which any Intellectual Property Right of the Seller is alleged to be invalid or not properly in the name of the Seller, or facts upon which any such litigation proceeding, claim, demand, interference, conflict, arbitration, mediation, dispute resolution, suit, action, investigation or judicial review could be based.
- (h) Any and all fees (*e.g.* annual maintenance fees, renewal fees, etc.) associated with any of the Intellectual Property have been paid in full, and there are no outstanding fees associated with any of the Intellectual Property that are payable to any third party.
- (i) All Inventors (i) have assigned their Intellectual Property Rights, and any other right, title and interest in and to the Purchased Assets, to the Seller, (ii) have waived all of their moral rights in and to applicable Intellectual Property, and (iii) have agreed to maintain the confidentiality of any confidential information and non-public Intellectual Property, pursuant to written agreements.

6.1.12 *Additional Representations and Acknowledgments of the Seller.*

- (a) As of the Closing Date, all debts, liabilities and obligations arising from the ownership and operation of the Purchased Assets will have been paid or a provision made for payment thereof.
- (b) The Purchased Assets will be conveyed by the Seller to the Purchaser in good working condition, free of any liens or other encumbrances related thereto.
- (c) There are no options, contracts or other obligations outstanding for the sale, exchange or transfer of the Purchased Assets, or any portion thereof.
- (d) The Seller has not received any written notice from any governmental authority that the operation or use of the Purchased Assets violates any Applicable Law, statute, ordinance, rule, regulation, order or determination of any governmental authority. The operation of the Business and utilization of the Purchased Assets are in compliance with all Applicable Laws, statutes, ordinances, rules, regulations or orders of any governmental authority.
- (e) The financial documentation related to the operations of the Business submitted to the Purchaser is true and correct in all material respects for the periods referred to in such financial documentation.

**6.2 Purchaser's Warranties and Representations.** The Purchaser represents and warrants to the Seller as of the date hereof and as of the Closing Date that:

6.2.1 *Status of Purchaser.* The Purchaser is a corporation duly incorporated, organized, subsisting and in good standing under the laws of the jurisdiction of its incorporation. The Purchaser has the corporate power and capacity to enter into this Agreement, to carry out its obligations hereunder, and to consummate the transactions contemplated hereby.

6.2.2 *Corporate Authority.* The execution and delivery of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of the Purchaser and its shareholders. This Agreement and the Ancillary Agreements have been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of creditors' rights generally now or hereafter in effect, and subject to the availability of equitable remedies.

6.2.3 *No Conflicts.* The execution, delivery and performance of this Agreement and any Ancillary Agreement by the Purchaser and the consummation of the transactions contemplated hereby, do not and will not:

- (a) require the consent, approval or filing with any person or public authority;
- (b) violate any law, regulation, judgment or order binding upon the Purchaser; or
- (c) constitute or result in the breach of any provision of, or constitute a default under, any contract, agreement, instrument, commitment, or indenture to which the Purchaser is a party or by which the Purchaser or its assets may be bound.

6.2.4 *Capital Structure.* The capital structure of the Purchaser is comprised of an unlimited number of Purchaser Shares, unlimited number of Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares of which, as of the date hereof, there are 46,114,453 Purchaser Shares issued and outstanding, no Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares outstanding, as well as, 5,192,868 Purchaser Shares issuable upon the exercise of 5,192,868 warrants, 1,369,666 Purchaser Shares issuable upon the exercise of 1,369,666 stock options and approximately 66,650,555 Purchaser Shares issuable upon the conversion of \$19,995,166.75 in principal amount of Debentures. The Series D Voting Preferred Shares, when created and issued, will rank in parity with the Consideration Preferred Shares.

6.2.5 *GST/GST Registration.* The Purchaser is registered for the purposes of the GST/HST levied under the ETA and its registration number will be disclosed in writing to the Seller prior to Closing.



#### 6.2.6 *Securities Law Matters.*

- (a) The Purchaser will ensure that, at Closing, the Consideration Preferred Shares have been duly and validly created, authorized and issued as fully paid and non-assessable shares of the Purchaser.
- (b) The Purchaser will ensure that at Closing, the Consideration Warrants have been duly and validly created, authorized and issued. The Purchaser will ensure at all times that the Consideration Preferred Shares are outstanding, and at all times prior to the expiry date of the Consideration Warrants, sufficient Purchaser Shares are authorized and allotted for issuance upon due and proper conversion or exercise, as the case may be, of the Consideration Preferred Shares and/or Consideration Warrants, and upon their issuance in accordance with their respective terms such Purchaser Shares will be validly issued as fully paid and non-assessable common shares of the Purchaser.
- (c) The Purchaser will take, at its cost, all such steps and proceedings as may be reasonably required to obtain all necessary consents or approvals from the Governmental Authorities with respect to the transactions contemplated hereunder and will comply with all Applicable Laws, including the Exchange approval, such that the issuance, sale and delivery of the Consideration Securities will not, at Closing and the relevant time of issuance, require any further consent, approval, authorization, registration or qualification of or with the shareholders of the Purchaser or any governmental authority, stock exchange, securities regulatory authority, or other third party, except, in the case of post-Closing filings, as will be made or obtained within the times prescribed by Applicable Laws.
- (d) The Purchaser is listed, and the common shares of the Purchaser are trading, on the Exchange. The Purchaser is a “reporting issuer” under the securities legislation of the provinces of British Columbia, Alberta and Ontario. The Purchaser is in material compliance with all continuous disclosure obligations under applicable Securities Laws, and is not in default of such legislation or any regulation thereunder. The Purchaser is current in its filings with the Ontario Securities Commission and it is not listed on the list of defaulting issuers maintained by the Ontario Securities Commission. No delisting, suspension of trading in or cease trading order made by any governmental authority with respect to any securities of the Purchaser is in effect or ongoing.

**6.3 Survival of Representations and Warranties.** All representations and warranties contained in this Article 6 will survive the Closing but will expire 24 months following the Closing Date.

## ARTICLE 7 CONDITIONS TO CLOSING

7.1 **Closing Conditions.** From the date hereof until the Closing, each Party hereto shall use commercially reasonable efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in this Article 7.

7.1.1 *Mutual Conditions Precedent.* The obligations of each of the Parties to close the transactions contemplated by this Agreement are subject to the satisfaction or waiver by the other Party (to the extent permitted by Applicable Laws), on or prior to the Closing Date, of each of the following conditions:

- (a) requisite shareholder approval, as required by Applicable Law;
- (b) the truth and accuracy of the representations and warranties of the other Party set out in Article 6 (except for changes contemplated by this Agreement or changes that have not had and are not reasonably likely to have a material adverse effect on the Transaction), and a certificate of a senior officer of such Party to this effect will have been delivered to the other Party;
- (c) performance in all material respects of all covenants required to be performed at or prior to the Closing;
- (d) the Purchaser shall have amended its capital structure to include the Series D Voting Preferred Shares and the Series E Nonvoting Preferred Shares;
- (e) the availability of exemptions from the prospectus and registration requirements under Securities Laws in relation to the issuance of the Consideration Securities; and
- (f) receipt of all necessary corporate and regulatory approval, including the Exchange approval.

7.1.2 *Purchaser's Conditions to Closing.* The Purchaser's obligation to close the Transaction contemplated by this Agreement is subject to the satisfaction or waiver by the Purchaser (to the extent permitted by Applicable Laws), on or prior to the Closing Date, of each of the following conditions:

- (a) the Seller will have tendered all closing deliveries set forth in §8.2 to the Purchaser;
- (b) there will be no action taken under any Applicable Law by any court or governmental authority that makes it illegal or restrains, enjoins or prohibits the Transaction, results in a judgment or assessment of damages relating to the Transaction that is materially adverse to the Purchaser or the Purchased Assets that could reasonably be expected to impose any condition or restriction upon the Purchaser or the Seller which, after giving effect to the Transaction, would so materially and adversely impact the economic or business benefits of the Transaction so as to render inadvisable the consummation of the Transaction;

- (c) there will be no legislation (whether by statute, regulation, order-in-council, notice of ways and means motion, by-law or otherwise) enacted, introduced or tabled which, in the opinion of the Purchaser, acting reasonably, adversely affects or may adversely affect the Transaction.

7.1.3 *Seller's Conditions to Closing.* The Seller's obligation to close the Transaction contemplated by this Agreement is subject to the satisfaction or waiver by the Seller (to the extent permitted by Applicable Laws), on or prior to the Closing Date, of each of the following conditions:

- (a) the Purchaser will have tendered all closing deliveries set forth in §8.3 including the payment of the Cash Consideration and evidence of the issuance of the Consideration Securities;
- (b) the Purchaser will have converted at least 90% of the principal amount of the outstanding Debentures into preferred shares of the Purchaser as set out in §5.4; and
- (c) the Purchaser will have performed all of its obligations and covenants under this Agreement required to be performed at or prior to Closing.

## **ARTICLE 8 CLOSING**

### **8.1 Time and Place.**

8.1.1 Closing will take place remotely via the electronic exchange of documents and signatures (other than the issuance of securities or the payment of money) by fax, email or other electronic means, on the Closing Date. All pre-Closing conditions to this Agreement will have been satisfied at that time.

### **8.2 The Seller's Deliveries.**

8.2.1 At the Closing, the Seller will deliver to the Purchaser:

- (a) all bills of sale, transfer and assignments, signed by the Seller and in form and content satisfactory to the Purchaser, acting reasonably, appropriate to effectively vest good and marketable title to the Purchased Assets in the Purchaser to the extent contemplated by this Agreement, and immediately registrable in all places where registration of such instruments is required, including but not limited to a general assignment and bill of sale in the form provided in Schedule "8.2.1(a)" from the Seller to the Purchaser substantially in the form provided in Schedule "8.2.1(a)" ("**General Assignment and Bill of Sale**");
- (b) assignment of the Assumed Contracts, including a copy of the Assignment Agreements duly executed by the parties thereto, other than the Purchaser;
- (c) possession of the Purchased Assets, to the extent applicable;

- (d) a certificate of one of the Seller's senior officers, dated as of the Closing Date, certifying: (i) all resolutions of the board of directors of the Seller approving the entering into of this Agreement and all Ancillary Agreements contemplated herein and the completion of the Transaction, and (ii) as to the incumbency and genuineness of the signature of each officer of the Seller executing this Agreement or any of the other agreements or documents contemplated hereby;
- (e) the officer's certificate referred to in §7.1.1(b);
- (f) a certificate from one of the Seller's senior officers addressed to the Purchaser dated the Closing Date confirming that the conditions described in Article 5 have been performed, satisfied or complied with in all material respects, as of the Closing Date; and
- (g) such other documents and instruments as reasonably requested by Purchaser as necessary to effect the transactions contemplated hereby.

### 8.3 Purchaser's Deliveries.

8.3.1 At the Closing, the Purchaser will deliver to the Seller:

- (a) payment of the Cash Consideration by wire transfer, bank draft or certified cheque payable to the Seller;
- (b) evidence satisfactory to the Seller, acting reasonably, that the Consideration Securities have been issued and registered as directed by the Seller in accordance with §3.1.2 hereof;
- (c) the Note Payable, duly executed by the Purchaser;
- (d) a general security agreement securing the obligations under the Note Payable in form and substance customary for transactions of this nature and acceptable to the Parties, each acting reasonably, duly executed by the Purchaser and the Seller (the "**General Security Agreement**");
- (e) a copy of the Assignment Agreements, duly executed by the Purchaser;
- (f) a certificate of one of the Purchaser's senior officers, dated as of the Closing Date, certifying: (i) all resolutions of the board of directors of the Purchaser approving the entering into of this Agreement and all Ancillary Agreements contemplated herein and the completion of the Transaction, and (ii) as to the incumbency and genuineness of the signature of each officer of the Purchaser executing this Agreement or any of the other agreements or documents contemplated hereby;
- (g) the officer's certificate referred to in §7.1.1(b);

- (h) a certificate from one of the Purchaser's senior officers addressed to the Seller dated the Closing Date confirming that the conditions described in Article 5 have been performed, satisfied or complied with as of the Closing Date; and
- (i) such other documents and instruments as reasonably requested by the Seller as necessary to effect the transactions contemplated hereby.

## **ARTICLE 9 TERMINATION**

9.1 **Termination.** This Agreement may be terminated at any time prior to the Closing:

- (a) by mutual written consent of the Seller and the Purchaser;
- (b) by either the Seller or the Purchaser if the Closing has not been consummated on or before the Outside Date, without liability to the terminating Party on account of such termination; provided that the right to terminate this Agreement pursuant to this §9.1(b) will not be available to a Party whose breach or violation of any representation, warranty, covenant, obligation or agreement under this Agreement has been the cause of or has resulted in the failure of the Closing to occur on or before such date;
- (c) by the Purchaser, if there has been a material breach by the Seller of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby, which breach would result in a failure to satisfy one or more of the conditions set forth in §8.2 which the Seller fails to cure within ten (10) Business Days after written notice thereof is given by the Purchaser;
- (d) by Seller if there has been a material breach by the Purchaser of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in §8.3 which the Purchaser fails to cure within ten (10) Business Days after written notice thereof is given by Seller; and
- (e) by any Party, if any permanent injunction or other order of a court or other competent authority preventing the Closing will have become final and non-appealable; provided, however, that no Party will be entitled to terminate this Agreement if such Party's material breach of this Agreement or any of the documents contemplated hereby has resulted in such permanent injunction or order.

9.2 **Effect of Termination.** Upon termination of this Agreement in accordance with the terms hereof, the Parties hereto will have no further obligations under this Agreement, other than the obligations contained in §11.7.

## **ARTICLE 10 INDEMNIFICATION**

### **10.1 Indemnification of Purchaser.**

10.1.1 Subject to the limitations and other provisions of this Agreement, the Seller will indemnify and hold the Purchaser and its officers, directors, agents, successors and assigns (collectively, the “**Purchaser Indemnified Persons**”) harmless from and against any Damages arising directly or indirectly, out of or in connection with any Breach by the Seller.

### **10.2 Indemnification of Seller.**

10.2.1 Subject to the limitations and other provisions of this Agreement, the Purchaser will indemnify and hold the Seller and its officers, directors, agents, successors and assigns (collectively, the “**Seller Indemnified Persons**”) harmless from and against any Damages arising, directly or indirectly, out of or in connection with any Breach by the Purchaser.

### **10.3 Time Limits.**

10.3.1 No Damages may be recovered from the Purchaser pursuant to §10.1 or from the Seller pursuant to §10.2, unless a notice of indemnity claim is delivered on or before date that is twenty-four months (24) months after the Closing Date. Unless a notice of indemnity claim has been given on or before date that is twenty-four months (24) months after the Closing Date with respect to each particular representation and warranty, the Seller or the Purchaser, as the case may be, will be released on date that is twenty-four months (24) months after the Closing Date from all obligations in respect of that particular representation and warranty and from the obligation to indemnify hereunder.

### **10.4 Indemnity Cap and Limitations.**

10.4.1 The aggregate liability of the Seller for all indemnification claims by the Purchaser, or of the Purchaser for all indemnification claims by the Seller (other than in respect of payment of the Purchase Price), hereunder will be limited to an amount equal to 30% of the Purchase Price (the “**Indemnity Cap**”), which may be satisfied, at the Seller’s option, in cash or by the return for cancellation of Consideration Securities equal to the amount claimed under indemnity based on the deemed price per Consideration Security as given hereby. The Seller will not be obligated to indemnify the Purchaser for any indemnification claims: (i) until the amount of Damages attributable to such indemnity claims exceeds \$200,000, and once the aggregate Damages exceeds the amount of \$200,000, the Purchaser will be entitled to make indemnity claims for the full amount of all Damages; (ii) to the extent that the Purchaser has been or could be compensated by insurance of the Purchaser or such insurance as a reasonable Person would put into place in connection with the Business; and (iii) to the extent that the Purchaser has been or could reasonably be compensated by way of a benefit related to Taxes, including, without limitation, reduction or refunds related thereto.

**10.5 Exclusion.**

10.5.1 Notwithstanding anything to the contrary in this Agreement, the time limitations in §10.3 and the Indemnity Cap set forth in §10.4 will not apply to indemnification for any Damages based upon, arising out of or with respect to any (i) breach of any representation and warranty of the Seller set out in §6.1.1, §6.1.2 and §6.1.4; and (ii) fraudulent or deliberate misrepresentation by the Seller.

**10.6 Exclusive Remedy.**

10.6.1 Claims for indemnification under §10.1 and §10.2 hereof will be the exclusive remedies of the Parties hereto for any Breach or claim for Damages hereunder.

**ARTICLE 11  
MISCELLANEOUS**

11.1 **Brokerage Commissions.** Each Party hereto agrees to indemnify and hold harmless the other Party from and against any and all liabilities, costs, claims for brokerage or finder's fees, commissions or other similar fees in connection with the transactions covered by this Agreement insofar as such claim will be based upon alleged arrangements or agreements made by such Party for or on its behalf, which indemnity will (notwithstanding anything to the contrary, contained or implied elsewhere in this Agreement) expressly survive any termination or Closing of this Agreement.

11.2 **Notices.** Any notices, consents or other communications required or permitted to be given pursuant to this Agreement will be in writing and will be sent to the address of each Party set forth below. Any such notice or communication will be sufficient if sent by registered or certified mail, return receipt requested, postage prepaid; by hand delivery; by overnight courier service, or by email. Any such notice or communication will be effective on the (a) date of receipt, if delivered personally; (b) on the date of deposit in an official depository under the regular care and custody of the United States Postal Service, if transmitted by registered or certified mail; (c) on the first Business Day after the date of deposit, if transmitted by an overnight courier service; or (d) on the date of transmission if sent by email, whichever will first occur, addressed to the Parties as follows:

If to Seller:           Green Star Biosciences Inc.  
                                  1400-1199 West Hastings Street  
                                  Vancouver, BC V6E 3T5

Attn: Phil Young  
Email: [phil@lobesciences.com](mailto:phil@lobesciences.com)

with a copy to:

Gowling WLG (Canada) LLP  
1 First Canadian Place, Suite 1600  
100 King Street West  
Toronto, ON M5X 1G5



Attn: Peter Simeon  
Email: [Peter.Simeon@gowlingwlg.com](mailto:Peter.Simeon@gowlingwlg.com)

If to Purchaser: Ionic Brands, Inc.

1142 Broadway Suite 300  
Tacoma, WA 98402

Attn: John Gorst  
Email: [John.Gorst@ionicbrands.com](mailto:John.Gorst@ionicbrands.com)

Either Party may provide written notice of a substitute address pursuant to written notice delivered to the other Party in accordance with the terms of this §11.2; provided, however, that no such notice of change of address will be effective unless and until actually received by the Party to whom such notice is sent.

**11.3 Applicable Law.** This Agreement will be governed by and interpreted in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, without regard to conflicts of laws rules. The Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of British Columbia with respect to any matters arising out of this Agreement.

**11.4 Entire Agreement; Modifications.** This Agreement embodies and constitutes the entire understanding between the Parties with respect to the transactions contemplated herein, and all prior or contemporaneous agreements, understandings, representations and statements (oral or written) are merged into this Agreement. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged or terminated except by an instrument in writing signed by the Party against whom the enforcement of such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such instrument.

**11.5 Counterpart Execution.** This Agreement may be executed in several counterparts, each of which will be deemed an original, and all of which counterparts together will constitute one and the same instrument.

**11.6 Time is of the Essence.** Time will be of the essence of this Agreement.

**11.7 Expenses.** Except as otherwise specified in this Agreement or in the General Security Agreement, and without limiting the indemnification provisions in Article 10, all costs and expenses (including the fees and disbursements of accountants, financial advisors, legal counsel and other professional advisors) incurred in connection with the negotiation and settlement of this Agreement, and the completion of the transactions contemplated by this Agreement, are to be paid by the Party incurring those costs and expenses.

**11.8 Payment and Currency.** Any money to be advanced, paid or tendered by any Party under this Agreement must be advanced, paid or tendered by bank draft, certified cheque or wire transfer of immediately available funds payable to the Person to whom the amount is due. Unless otherwise specified, the word “dollar” and the “\$” sign refer to Canadian currency, and all amounts to be



advanced, paid, tendered or calculated under this Agreement are to be advanced, paid, tendered or calculated in Canadian currency.

**11.9 Invalid Provisions.** If any term, provision, condition or covenant of this Agreement or the application thereof to any Party or circumstance will, to the extent, be held invalid or unenforceable, the remainder of this Agreement, or the application of such term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, will not be affected thereby, and each term and provision of this Agreement will be valid and enforceable to the fullest extent permitted by law, and said invalid or unenforceable term, provision, condition or covenant will be substituted by a term, provision, condition or covenant as near in substance as may be valid and enforceable.

**11.10 Binding Effect.** This Agreement will be binding upon and inure to the benefit of the Seller and the Purchaser, and their respective successors and assigns. Except as expressly provided herein, nothing in this Agreement is intended to confer on any person, other than the Parties hereto and their respective successors and assigns, any rights or remedies under or by reason of this Agreement.

**11.11 Further Acts.** In addition to the acts recited in this Agreement to be performed by the Seller and the Purchaser, the Seller and the Purchaser agree to perform or cause to be performed at Closing or after Closing any and all such further acts as may be reasonably necessary to consummate the transactions contemplated hereby.

**11.12 Days and Counting Days.** The word “day” will mean any calendar day including a Saturday, Sunday, or public holiday or a day on which banks are required or permitted to close under the laws of the Province of British Columbia and the State of Washington. Days will include all days and will be counted by excluding the first day and including the last day. Unless otherwise provided for herein, any act required by this Agreement to be performed by a certain day will be timely performed if completed before 5:00 p.m. (Vancouver time) on that date.

[The next page is the signature page.]

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

**GREEN STAR BIOSCIENCES INC.**

By: *"Philip Young"*

---

Name: Philip Young

Title: CEO

**IONIC BRANDS CORP.**

By: *"John Gorst"*

---

Name: John Gorst

Title: CEO

**SCHEDULE “1.1.19”**

**FORM OF COWLITZ LEASE ASSIGNMENT AGREEMENT**

(see attached)

**FORM OF ASSIGNMENT OF CONTRACT AND ASSUMPTION OF LIABILITIES  
RE COWLITZ LEASE AGREEMENT**

**B E T W E E N :**

**GREEN STAR BIOSCIENCES INC.**, a corporation  
existing under the laws of the Province of Alberta

(the "**Seller**")

- and -

**IONIC BRANDS CORP.** a company existing under the  
laws of the Province of British Columbia

(the "**Buyer**")

**CONTEXT:**

- A.** Under the terms of an asset purchase agreement (the "**Purchase Agreement**") dated February 22, 2021 between the Seller and the Buyer, the Seller agreed to sell, and the Buyer agreed to buy, certain of the assets of the Seller.
- B.** Under the Purchase Agreement, the Seller agreed to assign to the Buyer the full benefit of, and Buyer agreed to assume the obligations of the Seller under, the lease agreement (the "**Lease Agreement**") entered into as of October 15, 2014 by and between Angel Industrial LLC (the "**Landlord**"), and Svenson & Svenson Liquidators, Inc. (the "**Tenant**") for the premises located at 1445 Industrial Way, Building 19B, Longview, Washington 98632.
- C.** Under the Purchase Agreement, the Seller also agreed to assign to the Buyer the full benefit of, and Buyer agreed to assume the obligations of the Seller under, the sublease agreement (the "**Sublease Agreement**") entered into as of October 22, 2014 by and among Angel Industrial LLC (the "**Landlord**"), and Svenson & Svenson Liquidators, Inc. (the "**Tenant**"), and Cowlitz County Cannabis Cultivation Inc. (the "**Subtenant**") for the premises located at 1445 Industrial Way, Building 19B, Longview, Washington 98632.
- D.** The Tenant, which was the Subtenant's affiliate, assigned its rights under the Lease Agreement and the Sublease Agreement to the Seller effective May 17, 2018, pursuant to the lease purchase, assignment and assumption agreement between Tenant and Seller.
- E.** The Lease Agreement and the Sublease Agreement each provides Landlord's rights of notice and consent for the assignment contemplated hereby.
- F.** Capitalized terms used herein without definition have the meanings ascribed thereto in the Purchase Agreement.

**THEREFORE**, the parties agree as follows:

**1. Assignment**

The Seller sells, transfers and assigns to the Buyer all right, title and interest of the Seller in the Lease Agreement and the Sublease Agreement as of and from the Closing Date.

## **2. Assumption**

The Buyer agrees to assume, and will observe and perform, all of the Seller's obligations and liabilities under the Lease Agreement and the Sublease Agreement as of and from the Closing Date, to the extent those obligations and liabilities are to be observed, paid, discharged or performed on or after that date and arise out of events occurring on or after that date.

## **3. Seller's Representations and Warranties**

The Seller makes no representations or warranties with respect to the Lease Agreement or the Sublease Agreement except as specifically set out in the Purchase Agreement.

## **4. Landlord's Consent**

The Landlord's consent to this assignment has been provided as an additional signature page addendum to this assignment.

## **5. Co-operation by the Seller**

If, by operation of law or otherwise, it becomes necessary or desirable for the Buyer, in order to effectively pursue any remedy to secure the enjoyment of, or to enforce the benefit of, the Lease Agreement or the Sublease Agreement, to pursue that remedy in the name, or with the concurrence, of the Seller, the Seller will cooperate with the Buyer and will facilitate the pursuit of that remedy by joining in the proceeding or by giving its consent, as the Buyer may require in the circumstances. If the Seller fails to cooperate, the Buyer may pursue a remedy in the name of the Seller, and for that purpose the Seller appoints the Buyer, and the Buyer's successors and assigns, as the Seller's attorneys, with full power of substitution, to execute any instruments and do any things that the Seller ought to do pursuant to the provisions of this assignment. This appointment is coupled with an interest, is irrevocable by the Seller and will not be revoked by the insolvency or bankruptcy of the Seller or by the dissolution, liquidation or other termination of the existence of the Seller, or for any other reason.

## **6. Further Assurances**

Each party will promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all further acts, documents and things as the other party may reasonably require for the purpose of giving effect to this assignment, and will take all steps reasonably within its power to implement to their full extent the provisions of this assignment.

## **7. Enurement**

This assignment enures to the benefit of and is binding upon the parties and their respective successors and permitted assigns.

## **8. Governing Law**

This assignment is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable in that Province.

**9. Counterparts and Electronic Signature and Delivery**

This assignment may be signed and delivered by the parties in one or more counterparts, with the same effect as if each of the parties had signed and delivered the same document. This assignment, and any counterpart of it, may be signed by manual, digital or other electronic signatures, and delivered or transmitted by any digital, electronic or other intangible means.

Each of the parties has executed and delivered this assignment as of the \_\_\_\_ day of \_\_\_\_\_, 2021.

**GREEN STAR BIOSCIENCES INC.**

By: \_\_\_\_\_  
Name:  
Title:

**IONIC BRANDS CORP.**

By: \_\_\_\_\_  
Name:  
Title:

Landlord hereby consents to this assignment and acknowledges satisfaction of Landlord's criteria regarding its approval of this assignment under the Lease and the Sublease as of the \_\_\_\_ day of \_\_\_\_\_, 2021.

**ANGEL INDUSTRIAL LLC**

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE “1.1.22”**

**FORM OF COWLITZ OPTION ASSIGNMENT AGREEMENT**

(see attached)



**FORM OF ASSIGNMENT OF CONTRACT AND ASSUMPTION OF LIABILITIES  
RE COWLITZ OPTION AGREEMENT**

**B E T W E E N :**

**GREEN STAR BIOSCIENCES INC.**, a corporation  
existing under the laws of the Province of Alberta

(the “**Seller**”)

- and -

**IONIC BRANDS CORP.** a company existing under the  
laws of the Province of British Columbia

(the “**Buyer**”)

**CONTEXT:**

- A.** Under the terms of an asset purchase agreement (the “**Purchase Agreement**”) dated February 22, 2021 between the Seller and the Buyer, the Seller agreed to sell, and the Buyer agreed to buy, certain of the assets of the Seller.
- B.** Under the Purchase Agreement, the Seller agreed to assign to the Buyer the full benefit of, and the Buyer agreed to assume the obligations of the Seller under, the option agreement (the “**Cowlitz Option Agreement**”) entered into as of May 17, 2018, as amended, by and among [REDACTED] and [REDACTED] (collectively, the “**Grantors**”), being the shareholders of Cowlitz County Cannabis Cultivation Inc. (“**Cowlitz**”), and the Seller, pursuant to which the Seller was granted an option by the Grantors to purchase 100% of the issued shares of Cowlitz, on the terms and conditions set forth in the Cowlitz Option Agreement.
- C.** The Cowlitz Option Agreement provides for no rights of notice or consent for the assignment contemplated hereby.
- D.** Capitalized terms used herein without definition have the meanings ascribed thereto in the Purchase Agreement.

**THEREFORE**, the parties agree as follows:

**1. Assignment**

The Seller sells, transfers and assigns to the Buyer all right, title and interest of the Seller in the Cowlitz Option Agreement as of and from the Closing Date.

**2. Assumption**

The Buyer agrees to assume, and will observe and perform, all of the Seller’s obligations and liabilities under the Cowlitz Option Agreement as of and from the Closing Date, to the extent those obligations and liabilities are to be observed, paid, discharged or performed on or after that date and arise out of events occurring on or after that date.

### **3. Seller's Representations and Warranties**

The Seller makes no representations or warranties with respect to the Cowlitz Option Agreement except as specifically set out in the Purchase Agreement.

### **4. Notification by the Buyer**

The Buyer will notify the Grantors of the assignment of the Cowlitz Option Agreement by the Seller to the Buyer.

### **5. Co-operation by the Seller**

If, by operation of law or otherwise, it becomes necessary or desirable for the Buyer, in order to effectively pursue any remedy to secure the enjoyment of, or to enforce the benefit of, the Cowlitz Option Agreement, to pursue that remedy in the name, or with the concurrence, of the Seller, the Seller will cooperate with the Buyer and will facilitate the pursuit of that remedy by joining in the proceeding or by giving its consent, as the Buyer may require in the circumstances. If the Seller fails to cooperate, the Buyer may pursue a remedy in the name of the Seller, and for that purpose the Seller appoints the Buyer, and the Buyer's successors and assigns, as the Seller's attorneys, with full power of substitution, to execute any instruments and do any things that the Seller ought to do pursuant to the provisions of this assignment. This appointment is coupled with an interest, is irrevocable by the Seller and will not be revoked by the insolvency or bankruptcy of the Seller or by the dissolution, liquidation or other termination of the existence of the Seller, or for any other reason.

### **6. Further Assurances**

Each party will promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all further acts, documents and things as the other party may reasonably require for the purpose of giving effect to this assignment, and will take all steps reasonably within its power to implement to their full extent the provisions of this assignment.

### **7. Enurement**

This assignment enures to the benefit of and is binding upon the parties and their respective successors and permitted assigns.

### **8. Governing Law**

This assignment is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable in that Province.

### **9. Counterparts and Electronic Signature and Delivery**

This assignment may be signed and delivered by the parties in one or more counterparts, with the same effect as if each of the parties had signed and delivered the same document. This assignment, and any counterpart of it, may be signed by manual, digital or other electronic signatures, and delivered or transmitted by any digital, electronic or other intangible means.

Each of the parties has executed and delivered this assignment as of the ● day of ●, 2021.

**GREEN STAR BIOSCIENCES INC.**

By: \_\_\_\_\_  
Name:  
Title:

**IONIC BRANDS CORP.**

By: \_\_\_\_\_  
Name:  
Title:

## SCHEDULE “1.1.30”

### INTELLECTUAL PROPERTY

All of the Intellectual Property Rights of the Seller acquired from the Company pursuant to that certain intellectual property purchase agreement by and among the Company and the Seller dated May 17, 2018 and the related bill of sale, assignment and assumption agreement executed by the same parties on the same date.

All of the Intellectual Property Rights of the Seller acquired from the Company pursuant to that certain intellectual property purchase agreement and amendment to license agreement by and among the Company and the Seller dated October 1, 2018.

All of the Intellectual Property Rights of the Seller acquired from the Company pursuant to that certain asset purchase agreement and bill of sale by and between the Company and Seller dated on or about the date hereof.

For clarity, the Intellectual Property includes the following (where “WA” refers to the State of Washington, USA, and “USPTO” refers to the U.S. Patent and Trademark Office):

- ***Cowlitz Gold***
  - WA
    - Registration #59474 – Name – Green Star Biosciences Inc. (11/28/2016)
    - Registration #59475 – Logo – Green Star Biosciences Inc. (11/28/2016)
  - USPTO
    - Registration #87223151 – Standard Mark – Green Star Biosciences Inc (11/1/2016)
    - Registration #87223157 – Design Plus Words Mark – Green Star Biosciences Inc (11/1/2016)
- ***Columbia River Reserve***
  - WA – Unregistered
  - USPTO – Unregistered
- ***Dab Dudes***
  - WA
    - Registration #59472 – Name – Green Star Biosciences Inc. (11/28/2016)
  - USPTO
    - Registration #87223140 – Standard Mark – Green Star Biosciences Inc. (11/1/2016)
    - Registration #87223142 – Design Plus Words Mark – Green Star Biosciences Inc. (11/1/2016)
- ***DabSquatch***
  - WA – Unregistered
  - USPTO – Unregistered
- ***Hi Guys***
  - WA

- Registration #59470 - Logo – Green Star Biosciences Inc. (11/28/2016)
- Registration #59471 - Name – Green Star Biosciences Inc. (11/28/2016)
- USPTO
  - Registration #87223145 – Standard Mark – Green Star Biosciences Inc. (11/1/2016)
  - Registration #87223147 – Design Plus Words Mark – Green Star Biosciences Inc. (11/1/2016)
- ***Jolly Rodger***
  - WA – Unregistered
  - USPTO – Unregistered
- ***Kelso Creeper***
  - WA – Unregistered
  - USPTO – Unregistered
- ***Wyatt Herb***
  - WA – Unregistered
  - USPTO – Unregistered

**SCHEDULE “2.1.1(a)”**

**ASSUMED CONTRACTS**

- Cowlitz Lease
- Cowlitz Option Agreement
- All other contracts and rights thereunder, relating exclusively to the Business to which the Seller is a party, including service contracts and equipment leases, other than the License Agreement between the Seller and the Company dated May 17, 2018, as amended.

**SCHEDULE “2.1.1(d)”**

**TANGIBLE ASSETS**

All of the tangible assets of the Seller acquired from the Company pursuant to that certain asset purchase agreement and bill of sale by and between the Company and Seller dated on or about the date hereof.

Delivery Van	Nissan	NV200-SV	████████████████████
DVR	Hikvision	DS-7200 Series	
DVR	Hikvision	DS-7200 Series	
DVR	Hikvision	DS-7200 Series	
DVR	Hikvision	DS-7200 Series	
DVR	Hikvision	DS-7200 Series	
DVR	Hikvision	DS-7300 Series	
Computer	Dell	TechDot	████████████████████ ██████████ ████████
Curved Monitor	Samsung	C32T550FDN	████████████████████
Computer	Lenovo	ThinkCentere	
Fridge	Friegidaire	Professional Series	
84 - Cameras	Hikvision		
7 - Dosatrons	Dosatron	D25RE2	
Oven	Cascade TEK	RF TFO-10	████████████████████
Computer	Dell	Vostro 200 E198WFPV	████████████████████
Printer	Zebra	GK420d	
Printer	Zebra	ZT410	
Scale	Ohaus	Defender T319	
Label Rewinder	Labelmate USA	Mini-CAT-10A	████████████████████

Computer	Lenovo	Think Centere M Series	████████████████████ ████
Computer	Lenovo	Think Centere M Series	
Computer	Lenovo	Think Centere M Series	
Printer	Zebra	ZT410	
A/C Unit	Ideal Air	Minisplit A/C - Heater	
A/C Unit	Ideal Air	Minisplit A/C - Heater	
A/C Unit	Ideal Air	Minisplit A/C - Heater	
CO2 Monitors	Autopilot	APC-8200	
CO2 Monitors	Autopilot	APC-8200	
Irrigation System	Potter	PFC Series	
Power Supply	Potter	PSH-64 Series	
Printer	Zebra	GK420d	████████████████
Laptop	Asus	E203M	
Printer	Zebra	GK420d	
Printer	Zebra	GK420d	
Computer	Lenovo	Think Centere M Series	
Portable A/C Unit	AirRover	Portable Air Conditioning System	
Scale	Ohaus	SJX1502N/E	████████████████
Scale	Ohaus	SJX1502N/E	



Scale	Ohaus	SJX1502N/E	
Portable A/C Unit	Toshiba		
Joint Rolling Machine	Futurola	Knockbox 100	
Joint Rolling Machine	Futurola	Knockbox 100	
A/C Unit	Rudd	RLKL-B180DL	██████████
A/C Unit	Rudd	RLKL-B180DL	
Scale	Ohaus	Defender T319	██████████
Commercial Fan	MAXX Air		
Icemaker	Ice-O-Matic	ICE0400FW4	██████████
Generator	Centurion	10kw	
Generator	Honeywell		██████████
82 Grow Tables			
12 Larger Grow Tables			
3 Large Dehumidifiers	Quest		
3 Small Dehumidifiers	Quest		
Extractor	ExtractionTE K Solutions	LHBES 1300	██████████
Extractor	ExtractionTE K Solutions	LHBES 1300	██████████
Mini Split Air Conditioner and Heat Pump	Ideal Air	700510-S	██████████
6 Monitors for Cameras			
Heat Pump	Daikin Industries	4MXS36RMVJU	██████████
10 Ton Ventilation Fan	Larkin		
Band Sealer X 7			

## SCHEDULE “3.1.2(a)”

### TERMS AND ATTRIBUTES OF PREFERRED SHARES

The special rights and restrictions attached to the Series E Nonvoting Preferred Shares (the “**Series E Preferred Shares**”) are as follows:

#### 1. Definitions

Where used herein, the following terms shall have the following respective meanings:

- (a) “Board of Directors” means the board of directors of the Corporation;
- (b) “Capital Stock” of any person means any and all shares of, interests in, rights to purchase, warrants or options for, participations in, or other equivalents of, in each case however designated, the equity of such person;
- (c) “Change of Control” means, collectively, (i) any transaction (whether by purchase, merger or otherwise) whereby a person or persons acting jointly or in concert directly or indirectly acquire(s) the right to cast, at a general meeting of shareholders of the Corporation, more than 50% of the votes that may be ordinarily cast at a general meeting; (ii) the Corporation’s amalgamation, consolidation or merger with or into any other person, any merger of another person into the Corporation, unless the holders of voting securities of the Corporation immediately prior to such amalgamation, consolidation or merger hold securities representing 50% or more of the voting control or direction in the Corporation or the successor entity upon completion of the amalgamation, consolidation or merger; or (iii) any conveyance, transfer, sale lease or other disposition of all or substantially all of the Corporation’s and the Corporation’s subsidiaries’ assets and properties, taken as a whole, to another arm’s length person;
- (d) “Closing Share Price” means the closing market price of the Common Shares on the CSE (or the principal securities exchange or market on which the Common Shares are listed or quoted or if no such prices are available, the fair market value of a Common Share as reasonably determined by the Board of Directors) on the trading day preceding the applicable date.
- (e) “Common Shares” means the common shares in the capital of the Corporation as currently constituted, or as such shares may be changed from time to time;
- (f) “Conversion Rate” has the meaning ascribed to such term in Section 5;
- (g) “Corporation” means IONIC Brands Corp.;
- (h) “CSE” means the Canadian Securities Exchange;

- (i) “Effective Date” means the first date on which the Common Shares trade on the CSE, reflecting the relevant share split or share combination, as applicable;
- (j) “Ex-Date” when used with respect to any issuance, dividend or distribution, means the first date on which the Common Shares (or other applicable security) trade on the applicable exchange or in the applicable market, without the right to receive such issuance, dividend or distribution in question from the Corporation or, if applicable, from the seller or the Common Shares (or other applicable security) on such exchange or market (in the form of due bills or otherwise) as determined by such exchange or market;
- (k) “Initial Amount” means the issuance of price of \$0.30;
- (l) “Liquidation Distribution” means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;
- (m) “Liquidation Preference” has the meaning ascribed to such term in Section 4;
- (n) “Original Issuance Date” means *[insert date that the Series E Preferred Shares are issued]*;
- (o) “person” means any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government, any agency or political subdivisions thereof;
- (p) “Record Date” means, when used with respect to any dividend, distribution or other transaction or event in which the holders of the Common Shares (or other applicable security) have the right to receive any cash, securities or other property or in which the Common Shares (or other applicable security) are exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of the Common Shares (or other applicable security) entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise);
- (q) “Retraction Date” means the date that is four years from the issuance date;
- (r) “Series E Holder” means a holder of Series E Preferred Shares;
- (s) “Spin-Off” means the Corporation makes a dividend or distribution to all or substantially all holders of Common Shares consisting of Capital Stock of, or similar equity interests in, or relating to, a subsidiary or other business unit of the Corporation that, upon issuance, will be traded on a U.S. or Canadian national securities exchange;

- (t) “trading day” means with respect to a stock exchange, market or over-the-counter market means a day on which such stock exchange or over-the-counter market is open for business;
- (u) “Transfer Agent” means the transfer agent appointed by the Corporation for the Series E Preferred Shares and, in the event that no such person is appointed, “Transfer Agent” means the Corporation;
- (v) “Valuation Period” has the meaning ascribed to such term in Section 8(c);
- (w) “VWAP” means the per share volume weighted average trading price of the Common Shares for the applicable period (which must be calculated utilizing days in which the Common Shares actually trade) on the CSE (or if the Common Shares are no longer traded on the CSE, on such other recognized stock exchange as the Common Shares are then traded); and
- (x) “Yearly Dividend” has the meaning ascribed to such term in Section 3.

## 2. Meetings and Voting Rights

Subject to the provisions of the *Business Corporations Act* (British Columbia), Series E Holders shall not be entitled, as such to receive notice of or to attend or vote at any meetings of shareholders of the Corporation, other than a meeting of Series E Holders.

## 3. Dividends

For the first two (2) years following the issuance of the Series E Preferred Shares, the Series E Holders shall be entitled to receive an annual, cumulative, preferential dividend equal to thirteen percent (13%) of the Initial Amount per Series E Preferred Share (the “Yearly Dividend”), accrued daily and paid annually, or on the date of conversion, as the case may be, and payable in Common Shares at the Closing Share Price on the applicable payment date. Any accumulation of dividends on the Series E Preferred Shares shall not bear interest. Such dividends shall accrue from and including the date of issue of the Series E Preferred Shares, and, subject as hereinafter provided, shall be payable on the 1<sup>st</sup> day of January in each year. The first dividend payment date shall be January 1, 2022. After two (2) years following the date of the issuance of the Series E Preferred Shares, the Yearly Dividend will cease. Subject to the *Business Corporations Act* (British Columbia), the Board of Directors may from time to time declare and authorize payment of dividends as they may deem advisable. The dividend may be settled with cash or Common Shares at the option of the Corporation. Common Shares shall be issued at the Closing Share Price.

## 4. Rights on Liquidation, Dissolution, or Winding-Up

In the event of any Liquidation Distribution, each Series E Holder shall be entitled to receive one hundred percent (100%) of distributable cash on a priority basis ahead of all Common Shares and any other shares of the Corporation ranking junior to the Series E Preferred Shares, in an amount up to one hundred percent (100%) of the Initial Amount (the “Liquidation Preference”) (calculated cumulative with all prior distributions in respect of the Liquidation

Preference). Upon a sale of less than substantially all of the assets of the Corporation (other than ordinary course and *de minimis* transactions), each Series E Holder shall be entitled to share in the distributable cash on a priority basis ahead of all Common Shares and any other shares of the Corporation ranking junior to the Series E Preferred Shares in an amount up to one hundred percent (100%) of the Liquidation Preference (calculated cumulatively with all prior distributions in respect of the Liquidation Preference).

5. Conversion

At such time as the Series E Holders may direct, each Series E Preferred Share may be converted into one Common Share (as the same may be adjusted from time to time pursuant to Section 8 below, the “Conversion Rate”) and any accrued and unpaid dividend shall be paid in Common Shares at the Closing Share Price at the time of conversion. At no time, shall a Series E holder convert Series E Preferred Shares into Common Shares if such conversion would result in such Series E Holder owning or controlling, directly or indirectly, ten percent (10%) or more of the Common Shares outstanding at the time of conversion.

6. Retraction

On or after the Retraction Date, any outstanding Series E Preferred Shares shall automatically be converted into Common Shares at the Conversion Rate and any accrued and unpaid dividends shall be converted into Common Shares at the Closing Share Price.

7. Forced Conversion

If prior to the Retraction Date, there is a Change of Control, the Corporation shall have the right to convert all the outstanding Series E Preferred Shares into Common Shares at one Common Share for each Series E Preferred Share and any accrued and unpaid dividend, into Common Shares at the Closing Share Price by providing notice to the holders of the Series E Preferred Shares by disseminating a news release.

8. Adjustments to Conversion

(a) *Adjustments for issuances of common shares, share splits and share combinations.* If the Corporation shall, at any time and from time to time while any Series E Preferred Shares are outstanding, issue Common Shares as a dividend or distribution to all or substantially all holders of its Common Shares or the Corporation shall effect a share split or share combination of the Common Shares into a greater or lesser number of Common Shares (in each case excluding an issuance solely pursuant to a Capital Reorganization, as to which Section 8(e) will apply), then the then-applicable Conversion Rate will be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times OS_0 / OS_1$$

where,

$CR_0$  = the Conversion Rate in effect immediately prior to the close of business on the Record Date for such dividend or distribution or immediately prior to the open of business on the Effective Date for such share split or share combination, as the case may be;

$CR_1$  = the Conversion Rate in effect immediately after the close of business on such Record Date or immediately after the open of business on such Effective Date, as the case may be;

$OS_0$  = the number of Common Shares outstanding immediately prior to the close of business on such Record Date or immediately prior to the open of business on such Effective Date, as the case may be (in either case, prior to giving effect to such event); and

$OS_1$  = the number of Common Shares that would be outstanding immediately after, and solely as a result of, such dividend, distribution, share split or share combination.

Any adjustment to the Conversion Rate made pursuant to this Section 8(a) shall become effective immediately after the close of business on the Record Date for such dividend or distribution, or immediately after the open of business on the Effective Date for such share split or share combination, as the case may be. If any dividend or distribution of the type described in this Section 8(a) is declared but not so paid or made, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to make such dividend or distribution, to such Conversion Rate that would be in effect if such dividend or distribution had not been declared.

- (b) *Adjustments for certain rights, options and warrants.* If the Corporation shall, at any time or from time to time, while any Series E Preferred Shares are outstanding, issue to all or substantially all holders of Common Shares rights, options or warrants (other than rights issued pursuant to a Spin-Off, as to which Section 8(c) will apply) entitling such holders, for a period of up to 45 calendar days from the date of issuance of such rights, options or warrants, to subscribe for or purchase Common Shares at a price per share less than the VWAP for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such issuance, then the then-applicable Conversion Rate shall be adjusted based on the following formula:

$$CR_1 = CR_0 \times (OS_0 + Y) / (OS_0 + X)$$

where,

$CR_0$  = the Conversion Rate in effect immediately prior to the opening of business on the Record Date for such issuance;

$CR_1$  = the Conversion Rate in effect immediately after the close of business on such Record Date;

$OS_0$  = the number of Common Shares outstanding immediately prior to the close of business on such Record Date;

X = the total number of Common Shares issuable pursuant to such rights, options or warrants; and

Y = the total number of Common Shares equal to the aggregate price payable to exercise such rights, options or warrants, *divided by* the VWAP for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such issuance.

Any adjustment to the Conversion Rate made pursuant to this Section 8(b) shall be made successively whenever any such rights, options or warrants are issued and shall become effective immediately after the close of business on the Record Date for such issuance. In the event that such rights, options or warrants described in this Section 8(b) are not so issued, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to issue such rights, options or warrants, to such Conversion Rate that would then be in effect if such issuance had not been declared. To the extent that such rights, options or warrants are not exercised prior to their expiration or Common Shares are otherwise not delivered pursuant to such rights, options or warrants upon the exercise of such rights, options or warrants, the Conversion Rate shall be readjusted, effective as of the date of such expiration or the date it is determined such shares will not be delivered, as the case may be, to such Conversion Rate that would then be in effect had the adjustment made upon the issuance of such rights, options or warrants been made on the basis of the delivery of only the number of Common Shares actually delivered.

(c) *Adjustments for Spin-Offs.* In a Spin-Off, the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times MP_0 / (FMV_0 + MP_0)$$

where,

CR<sub>0</sub> = the Conversion Rate in effect immediately prior to the open of business on the Ex-Date for the Spin-Off;

CR<sub>1</sub> = the Conversion Rate in effect immediately after the open of business on the Ex-Date for the Spin-Off;

FMV<sub>0</sub> = the VWAP (as if references to “Common Shares” therein were references to such shares or similar equity interest distributed to holders of Common Shares) of the shares or similar equity interests so distributed applicable to one Common Share for the 10 consecutive trading day period commencing on, and including, the Ex-Date for the Spin-Off (the “Valuation Period”); and

MP<sub>0</sub> = the VWAP for the Valuation Period.

Any adjustment made pursuant to this Section 8(c) will be calculated immediately after the close of business on the last trading day of the Valuation Period but shall be given effect as of immediately after the open of business on the Ex-Date for the Spin-Off; provided

that, if any conversion of the Series E Preferred Shares occurs during the Valuation Period, the Corporation shall, to the extent necessary, delay any settlement of such conversion until the second Business Day after the last day of the Valuation Period. In the event that such distribution described in this Section 8(c) is not so paid or made, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to pay or make such distribution, to the Conversion Rate that would then be in effect if such distribution had not been announced.

- (d) *Tender Offers or Exchange Offers.* If the Corporation or any of its subsidiaries successfully completes a tender offer or exchange offer for Common Shares (other than a normal course issuer bid under applicable Canadian securities laws) where the cash and the value of any other consideration included in the payment per Common Share validly tendered or exchanged exceeds the VWAP for the 10 consecutive trading day period (the “Averaging Period”) commencing on, and including, the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the “Tender Offer Expiration Date”), then the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times (SP_0 \times OS_0) / (AC + (SP_0 \times OS_1))$$

where,

$CR_0$  = the Conversion Rate in effect immediately prior to the close of business on the Tender Offer Expiration Date;

$CR_1$  = the Conversion Rate in effect immediately after the close of business on the Tender Offer Expiration Date;

$SP_0$  = the VWAP over the Averaging Period;

$OS_0$  = the number of Common Shares outstanding immediately prior to the Tender Offer Expiration Date, prior to giving effect to the purchase of any shares accepted for purchase or exchange in such tender offer or exchange offer;

$AC$  = the aggregate value of all cash and the fair market value (as determined by the Board of Directors) on the Tender Offer Expiration Date of any other consideration paid or payable for Common Shares acquired pursuant to such tender offer or exchange offer; and

$OS_1$  = the number of Common Shares outstanding immediately after the Tender Offer Expiration Date, after giving effect to the purchase of all shares accepted for purchase or exchange in such tender offer or exchange offer.

The Conversion Price will in no event be adjusted up pursuant to this Section 8(d), except to the extent provided in the last sentence of this paragraph. Any adjustment to the Conversion Rate pursuant to this Section 8(d) will be calculated as of the close of business on the last trading day of the Averaging Period, but shall be given effect immediately after



the close of business on the Tender Offer Expiration Date; provided that, if any conversion of the Series E Preferred Shares occurs during the Averaging Period, the Corporation shall, if necessary, delay any settlement of such conversion until the second business day after the last day of the Averaging Period. If the Corporation or one of its subsidiaries is obligated to purchase Common Shares pursuant to any such tender or exchange offer, but the Corporation or such subsidiary is permanently prevented by applicable law from effecting any such purchases, or all such purchases are rescinded, then the Conversion Rate shall be readjusted to be such Conversion Rate that would then be in effect if such tender or exchange offer had not been made.

(e) *Capital Reorganization Events.* In the case of:

- (i) any consolidation, amalgamation or merger of the Corporation with or into another person (other than a merger, amalgamation or consolidation in which the Corporation is the continuing or surviving corporation and in which the Common Shares outstanding immediately prior to the merger, amalgamation or consolidation are not exchanged for cash, securities or other property of the Corporation or another person);
- (ii) any direct or indirect sale, lease, assignment, transfer or conveyance or all or substantially all of the Corporation's consolidated property or assets;
- (iii) any reclassification of Common Shares into securities, including securities other than the Common Shares (other than changes in par value, if any, or resulting from a subdivision or combination); or
- (iv) any statutory exchange of securities of the Corporation with another person (other than in connection with a merger or acquisition);

in each case, as a result of which the Common Shares would be converted into, or exchanged for, securities, cash or other property (each, a "Capital Reorganization"), then, at and after the effective time of such Capital Reorganization, the right to exchange each Series E Preferred Share shall be changed into a right to exchange such share into the kind and amount of shares, cash, other securities or other property or assets (or any combination thereof) that a holder of a number of Common Shares equal to the amount of Common Shares such Series E Holder is entitled to immediately prior to such Capital Reorganization would have owned or been entitled to receive upon such Capital Reorganization (such shares, securities or other property or assets, the "Reference Property", with each unit of Reference Property being the kind and amount of Reference Property that a holder of one Common Share would have received in such Capital Reorganization).

Prior to or at the effective time of such Capital Reorganization, the Corporation or the successor or purchasing person, as the case may be, shall execute and deliver such supplemental instruments, if any, as the Corporation reasonably determines are necessary or desirable to (x) provide for subsequent adjustments to the Conversion Rate pursuant to Section 8 in a manner consistent with this Section 8(e); and (y) give effect to such other provisions, if any, as the Corporation reasonably determines are appropriate to preserve the

economic interests of the holders. If the Reference Property includes shares of stock or other securities or assets of a person other than such successor person, then such other person will also execute such supplemental instrument(s) and such supplemental instrument(s) will contain such additional provisions, if any, that the Corporation reasonably determines are appropriate to preserve the economic interests of holders.

In each case, if a Capital Reorganization causes the Common Shares to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), then the Reference Property into which the Series E Preferred Shares will be exchangeable shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of Common Shares. The Corporation shall notify the Series E Holders of such weighted average as soon as practicable after such determination is made.

None of the foregoing provisions shall affect (x) the right of a Series E Holder to convert its Series E Preferred Shares (1) into Common Shares prior to the effective time of such Capital Reorganization or (2) into Common Shares or Reference Property, as applicable, following the effective time of such Capital Reorganization, in any case pursuant to Section 5, or, (y) if the event constituting a Capital Reorganization is also a Change of Control, the obligation of the Corporation to automatically convert the Series E Preferred Shares in connection with such transaction pursuant to Section 7.

The provisions of this Section 8(e) shall similarly apply to successive Capital Reorganization events. This Section 8(e) shall not apply to any share split or combination to which Section 8(a) is applicable or to a liquidation event.

- (f) *Minimum Adjustment.* The adjustments provided for in this Section 8 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 8, provided that, notwithstanding any other provision of this Section 8, no adjustment of the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Rate then in effect; provided however, that any adjustments which by reason of this Section 8(f) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.
- (g) *When No Adjustment Required.* Notwithstanding anything herein to the contrary, no adjustment to the Conversion Rate need be made: (A) upon the issuance of any Common Shares pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Corporation's securities and the investment of additional optional amounts in Common Shares under any plan; (B) upon the issuance of any Common Shares or rights, options, restricted share units, warrants or similar securities to purchase those shares pursuant to any present or future employee, director or consultant benefit or incentive plan or program of or assumed by the Corporation or any of its subsidiaries; (C) upon the repurchase of any Common Shares pursuant to an open market share repurchase program or other buy-back transaction, including structured or derivative transactions, that

is not a tender offer or exchange offer of the nature described in Section 8(d); (D) for the sale or issuance of Common Shares, or securities convertible into or exercisable for Common Shares, for cash, including at a price per share less than the fair market value thereof or otherwise or in an acquisition, except as described in one of Section 8(a) through Section (d) above; (E) for a third-party tender offer; (H) upon the issuance of any Common Shares pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the Original Issuance Date; or (F) for any other issuance of Common Shares or any securities convertible into or exchangeable for Common Shares or the right to purchase Common Shares or such convertible or exchangeable securities, except as described above.

- (h) *Rules of Calculation.* All calculations will be made to the nearest one hundredth of a cent. Except as explicitly provided herein, the number of Common Shares outstanding will be calculated on the basis of the number of issued and outstanding Common Shares. The Corporation shall not be required to issue fractional Common Shares upon the conversion of Series E Preferred Shares. Any fractional Common Share shall be rounded down to the nearest whole number.
- (i) *Waiver.* Notwithstanding anything in this Section 8 to the contrary, no adjustment need be made to the Conversion Rate for any event with respect to which an adjustment would otherwise be required pursuant to this Section 8 if the Corporation receives, prior to the effective time of the adjustment to the Conversion Rate, written notice from the holders representing at least a majority of the then outstanding Series E Preferred Shares that no adjustment is to be made as the result of a particular issuance of Common Shares or other dividend or other distribution on Common Shares. This waiver will be limited in scope and will not be valid for any issuance of Common Shares or other dividend or other distribution on Common Shares or any other event not specifically provided for in such notice.
- (j) *Reservation of Shares.* For the purpose of effecting the conversion of Series E Preferred Shares, the Corporation shall at all times reserve and keep available, free from any preemptive rights, out of its treasury or authorized but unissued Common Shares the full number of Common Shares deliverable upon the conversion of all outstanding Series E Preferred Shares after taking into account any adjustments to the Conversion Rate from time to time pursuant to the terms of this Section 8 and any increases to the Liquidation Preference from time to time and assuming for the purposes of this calculation that all outstanding Series E Preferred Shares are held by one holder. All Common Shares delivered upon conversion of Series E Preferred Shares shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests and other encumbrances (other than liens, charges, security interests and other encumbrances created by the holders) and free of preemptive rights.

**SCHEDULE “3.1.2(d)”**  
**FORM OF NOTE PAYABLE**

(see attached)

## SECURED PROMISSORY NOTE

**Principal: \$50,000**

**Date of Issuance: ●, 2021**

**Interest Rate: 7%**

1. **FOR VALUE RECEIVED**, Ionic Brands Corp. (the “**Borrower**”), having a principal office located at 1142 Broadway, Suite 300, Tacoma, WA 98402, promises to pay to or to the order of, Green Star Biosciences Inc. (the “**Creditor**”) at 1400-1199 West Hastings Street, Vancouver, BC V6E 3T5 (or at any other place as the Creditor may, from time to time, designate by notice in writing to the Borrower), on the Maturity Date:
  - (a) the principal sum of \$50,000 (the “**Principal**”); and
  - (b) interest at a fixed rate of 7% per annum (the “**Interest Rate**”), on the unpaid portion of the Principal until the Principal is repaid in full, calculated on the basis of the actual number of days elapsed in a year, being 365 or 366, as the case may be, accruing on a monthly basis, both before and after maturity, default or judgment.
2. **Payment Upon Maturity** - The Principal, together with any accrued but unpaid interest, will become due and will be paid in full on the second anniversary of the date of issuance (the “**Maturity Date**”).
3. **Default Interest** - During the pendency of an Event of Default, interest shall accrue at the Interest Rate plus 2% and will be payable on demand.
4. **Application of Payments** - Any amount paid in satisfaction of the indebtedness evidenced by this promissory note will be applied first in satisfaction of any accrued and unpaid interest which is due and payable (and any default interest), and then the remaining portion of the amount paid will be applied in satisfaction of the Principal owing under this promissory note.
5. **Obligations Secured** – The obligations owing under this promissory note are secured. As continuing collateral security for the due payment and performance of the liabilities, indebtedness and obligations of the Borrower to the Creditor hereunder, the Borrower and the Creditor have concurrently entered into a general security agreement dated the date hereof granting the Creditor a security interest in and to certain properties of the Borrower specified therein and on the terms and conditions set out therein (the “**General Security Agreement**”).
6. **Events of Default.** The occurrence of any one or more of the following events (each, an “**Event of Default**”) shall constitute a default under this promissory note: (i) the failure of the Borrower to pay when due the outstanding Principal (or part thereof) or any accrued and unpaid interest when due and payable; or (ii) the occurrence of an “Event of Default” as such term is defined in the General Security Agreement.
7. **Occurrence of Event of Default.** If any Event of Default occurs, all obligations shall, at the option of the Creditor, become immediately due and payable, all security shall become immediately enforceable and the Creditor may, in its sole discretion, exercise any right or recourse and/or proceed with any action, suit, remedy or proceeding against the Borrower authorized or permitted by law for the recovery of all the obligations owing to the Creditor, and proceed to exercise any and all rights under this promissory note and no such remedy for the enforcement of the rights of the Creditor shall be exclusive of, or dependent on, any other

remedy, but any one or more of such remedies may, from time to time, be exercised independently or in combination. For greater certainty, the rights and remedies of the Creditor under this promissory note are cumulative and are in addition to, and not in substitution for, any rights or remedies provided by law or by equity; and any single or partial exercise by the Creditor of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this promissory note shall not be deemed to be a waiver of, or to alter, affect or prejudice any other right or remedy to which the Creditor may be lawfully entitled for such default or breach.

8. **Currency and Payment** - Any money to be paid pursuant to this promissory note must be paid by bank draft, certified cheque or electronic funds transfer of immediately available funds payable to the Creditor, in lawful United States currency. Unless otherwise specified, the word “dollar” and the “\$” sign refer to the United States Dollar (USD), and all amounts to be advanced, paid, tendered or calculated under this Agreement are to be advanced, paid, tendered or calculated in United States currency.
9. **Non-Waiver** - The extension of the time for making any payment which is due and payable under this promissory note, or the Creditor’s failure or delay in exercising or enforcing any rights or remedies under this promissory note, or under any instrument securing payment of the indebtedness evidenced by this promissory note, will not constitute a continuing waiver of the right of the Creditor to enforce those rights and remedies in the future.
10. **Notices and Demands** - Any demand or notice to be made or given in connection with this promissory note will be in writing and will be personally delivered to an officer or responsible employee of the Borrower or the Creditor or sent by facsimile, e-mail, or functionally equivalent electronic means, charges (if any) prepaid, at or to any address, electronic address, or facsimile number, as the case may be, as the Borrower or the Creditor may designate to the other in accordance with this provision. Any demand or notice which is personally delivered will be deemed to have been validly and effectively given on the date of delivery if that date is a business day, and the delivery was made during normal business hours; otherwise, it will be deemed to have been validly and effectively given on the business day next following the date of delivery. Any demand or notice which is transmitted by facsimile, e-mail, or functionally equivalent electronic means will be deemed to have been validly and effectively given on the date of transmission if that date is a business day and the transmission was made during normal business hours of the recipient; otherwise, it will be deemed to have been validly and effectively given on the business day next following the date of transmission.
11. **Amendments** - No amendment or waiver of any provision of this promissory note or consent to any departure by the Borrower from any provision of this promissory note is effective unless it is in writing and signed by the Creditor, and then the amendment, waiver or consent is effective only in the specific instance and for the specific purpose for which it is given.
12. **Collection Expenses** -The Borrower will pay all costs and expenses incurred by the Creditor in collecting any amount due, and enforcing its rights, under this promissory note, including, without limitation, reasonable legal fees and disbursements. Those costs and expenses will be added to the Principal and will bear interest at the Interest Rate.
13. **Governing Law** - This promissory note will be governed by and construed in all respects in accordance with the laws of the Province of British Columbia and the laws of Canada applicable in that Province.

14. **Time of the Essence**—Time will in all respects be of the essence of this promissory note.
15. **Waiver of Benefits** - Presentment for payment, protest and notice of protest, notice of non-payment and notice of dishonour are waived by the Borrower.
16. **Assignment** - The Borrower will not be permitted to assign this promissory note, in whole or in part, without the prior written consent of the Creditor. The Creditor may assign (including by way of security) this promissory note, in whole or in part, without the prior written consent of the Borrower. This promissory note will be binding upon the successors and permitted assigns of the Borrower and will enure for the benefit of the Creditor and its successors and assigns.

The Borrower has executed this promissory note as of the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

**IONIC BRANDS CORP.**

Per: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE "5.2"**

**CONSENTS**

Consent required of the landlord for the assignment of the Cowlitz Lease.



## **SCHEDULE “6.1.2”**

### **ENCUMBRANCES**

1. Unregistered liens for municipal Taxes, assessments or similar charges incurred by the Seller in the ordinary course in respect of the Business that are not yet due and payable;
2. Minor title defects that, in the aggregate, do not materially impair the value or use of any leased premises comprising part of the Purchased Assets;
3. Any right of expropriation conferred upon, reserved to or vested in a governmental authority in which the leased premises comprising part of the Purchased Assets are located, or under any applicable law;
4. Zoning restrictions, easements and rights-of-way or other similar encumbrances or privileges in respect of real property that, in the aggregate, do not materially impair the value or use of any of the leased premises comprising part of the Purchased Assets;

## SCHEDULE “8.2.1(a)”

### FORM OF GENERAL ASSIGNMENT AND BILL OF SALE

#### RECITALS

- A. **GREEN STAR BIOSCIENCES INC.** (the “**Seller**”) and **IONIC BRANDS CORP.** (the “**Purchaser**”) have entered into an Asset Purchase Agreement dated as of the ● day of ●, 2021 (the “**APA**”) pursuant to which the Seller agreed to sell, transfer, convey, assign, and deliver to the Purchaser, and the Purchaser agreed to purchase, the Purchased Assets from the Seller as of the Closing.
- B. The Seller desires to transfer and assign the Purchased Assets to the Purchaser and the Purchaser desires to accept the sale, transfer, conveyance, assignment and delivery thereof.
- C. It is a condition of the closing of the transactions contemplated by the Purchase Agreement that the Seller execute and deliver this General Assignment and Bill of Sale.

**FOR VALUE RECEIVED**, the Parties agree as follows:

- 1. Definitions – Capitalized terms not defined herein will have the meanings given to them in the APA.
- 2. Transfer – The Seller hereby irrevocably sells, transfers, conveys, assigns and delivers to the Purchaser as of the Closing all of the Seller’s right, title and interest in, to, and under the Purchased Assets **TO HAVE AND TO HOLD** the same unto the Purchaser, forever; with the intent that the Purchaser will, immediately after the execution and delivery of this General Assignment and Bill of Sale, have possession of, and may from time to time, and at all times hereafter, peaceably and quietly have, hold, possess, and enjoy the Purchased Assets and every part thereof, to and for its own use and benefit, without any manner of hindrance, interruption, molestation, claim or demand whatsoever of, from or by the Seller or any person or persons whomsoever claiming under or through the Seller. The Purchaser hereby accepts the sale, transfer, conveyance, assignment and delivery of the Purchased Assets.
- 3. Further Assurances – At any time or from time to time after the date hereof, at the reasonable request of the Purchaser, the Seller will execute and deliver to the Purchaser such other instruments of sale, transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as the Purchaser may reasonably deem necessary or desirable in order to more effectively transfer, convey, assign and deliver to the Purchaser and to confirm the Purchaser’s title in, to and under, all of the Purchased Assets, and, to the full extent permitted by law, to put the Purchaser in actual possession and operating control of the Purchased Assets and to assist the Purchaser in exercising all rights with respect thereto.
- 4. Inconsistency – This General Assignment and Bill of Sale is being delivered pursuant to and subject to the terms and conditions of the APA. If there is any inconsistency between this General Assignment and Bill of Sale and the APA, the APA will prevail.

5. Enurement – This General Assignment and Bill of Sale enures to the benefit of and binds the Parties hereto and their respective successors and permitted assigns.
6. Counterparts and Facsimile – This General Assignment and Bill of Sale may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument. A party’s transmission by PDF of a copy of this General Assignment and Bill of Sale duly executed by that party will constitute effective delivery by that party of an executed copy of this General Assignment and Bill of Sale to the party receiving the transmission.
7. Governing Law – This General Assignment and Bill of Sale is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable in that Province.
8. Headings – The division of this General Assignment and Bill of Sale into sections and the insertion of headings are for convenience of reference only and are not to affect the construction or interpretation of this General Assignment and Bill of Sale.

**DATED** this ● day of ●, 2021.

**GREEN STAR BIOSCIENCES INC.**

By: \_\_\_\_\_  
Name:  
Title:

**IONIC BRANDS CORP.**

By: \_\_\_\_\_  
Name:  
Title: