

**AMALGAMATION AGREEMENT**

**AMONG:**

**LEO RESOURCES INC.**

**- and -**

**1125076 B.C. LTD.**

**- and -**

**GREEN LIFE CLINICS LTD.**

**Dated July 5, 2017**

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## AMALGAMATION AGREEMENT

**THIS AGREEMENT** dated July 5, 2017 is made

### **A M O N G:**

**LEO RESOURCES INC.**, a corporation incorporated and existing under the *Business Corporations Act* (British Columbia)

(hereinafter referred to as “**Leo**”)

- and -

**GREEN LIFE CLINICS LTD.**, a corporation incorporated and existing under the *Business Corporations Act* (British Columbia)

(hereinafter referred to as “**GLC**”)

-and –

**1125076 B.C. LTD.**, a corporation incorporated and existing under the *Business Corporations Act* (British Columbia)

(hereinafter referred to as “**Subco**”)

**WHEREAS** the Parties have agreed, subject to the satisfaction of certain conditions precedent, to carry out a three-cornered Amalgamation pursuant to Part 9, Division 3 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) pursuant to which, among other things:

- (i) each Subco Share will be exchanged for one Amalco Share; and
- (ii) each GLC Share held by GLC Shareholders (other than GLC Dissenting Shareholders) will be exchanged for one (1) Leo Share;

**AND WHEREAS**, the Parties wish to make certain representations, warranties, covenants and agreements in connection with the Amalgamation;

**NOW, THEREFORE**, in consideration of the mutual benefits to be derived and the representations and warranties, conditions and promises herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) and intending to be legally bound hereby, the Parties agree as follows:

### **ARTICLE I GENERAL**

#### **1.1 Defined Terms**

Capitalized terms used herein (including the recitals) and not otherwise defined shall have the meanings ascribed to such terms in Schedule “A”.

## **1.2 Amalgamation**

- (a) Leo and GLC agree to effect the combination of their respective businesses and assets by way of a “three-cornered amalgamation” between Leo, Subco, a wholly owned subsidiary of Leo, and GLC.
  - (b) As soon as reasonably practicable following the execution and delivery of this Agreement: (i) GLC shall call and hold the GLC Meeting, if required, for the purpose of approving the GLC Amalgamation Resolution; and (ii) if required, the Parties shall prepare and mail the GLC Circular to the GLC Shareholders.
  - (c) Upon the approval of the GLC Amalgamation Resolution by the GLC Shareholders, in accordance with the requirements of the BCBCA and the satisfaction of the conditions precedent contained in this Agreement, Subco and GLC shall jointly complete and file Amalgamation Application, in duplicate, substantially in the form set forth in Schedule “B” hereto with the Registrar appointed under the BCBCA, giving effect to the Amalgamation of Subco and GLC upon and subject to the terms of this Agreement.
  - (d) Upon the issue of a Certificate giving effect to the Amalgamation:
    - (i) Subco and GLC shall be amalgamated and shall continue as one corporation effective on the date of the Certificate as specified in the Amalgamation Application (the “**Effective Date**”) under the terms and conditions prescribed in this Agreement;
    - (ii) each of Subco and GLC shall cease to exist as entities separate from Amalco;
    - (iii) Amalco shall possess all the property, rights, privileges, permits, interests and franchises and be subject to all the liabilities, including civil, criminal and quasi-criminal, and all the contracts, disabilities and debts of each of Subco and GLC;
    - (iv) a conviction against, or ruling, order or judgment in favour of or against either Subco or GLC may be enforced by or against Amalco;
    - (v) the articles of Subco shall be deemed to be the articles of Amalco and the Certificate shall be deemed to be the certificate of incorporation of Amalco; and
    - (vi) Amalco shall be deemed to be the party plaintiff or the party defendant, as the case may be, in any civil action commenced by or against either Subco or GLC before the Amalgamation has become effective.
- The provisions of this subsection 1.2(d) shall not be deemed to exclude any of the effects, rights or privileges that at law may be incidental to or result from the Amalgamation, whether or not herein specifically mentioned. The shareholders of each of Leo and GLC will be bound by the terms of this Agreement.
- (e) The name of Amalco shall be “1125076 B.C. Ltd.” or such other name as may be mutually agreeable to the Parties and any applicable regulatory authorities;

- (f) The registered office of Amalco shall be in the City of Vancouver, in the Province of British Columbia, at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4;
- (g) There shall be no restrictions on the business that Amalco may carry on or on the powers Amalco may exercise. The financial year end of Amalco will be July 31, until changed by the directors of Amalco;
- (h) The number of first directors of Amalco shall be set at two (2) and the first directors of Amalco shall be:

<u>Name</u>	<u>Address</u>
Anthony Jackson	Suite 800-1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5
Terry Roycroft	Suite 800-1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5

- (i) The first directors shall hold office until the first annual meeting of the shareholders of Amalco, or until their successors are elected or appointed in accordance with the articles of Amalco and the BCBCA. The subsequent directors shall be elected each year thereafter by ordinary resolution at either an annual meeting of the shareholders or a special meeting of the shareholders by a majority of the votes cast at such meeting. The directors shall manage or supervise the management of the business and affairs of Amalco, subject to the provisions of the BCBCA.
- (j) The executive officers of Amalco upon completion of the Amalgamation shall be as follows:
  - Terry Roycroft - President and Chief Executive Officer
  - Anthony Jackson - Corporate Secretary and Chief Financial Officer
- (k) Amalco shall be authorized to issue an unlimited number of common shares.
- (l) At the Effective Time of the Amalgamation and as a result of the Amalgamation:
  - (i) subject to paragraph 1.2(p) each holder of Class A GLC Shares will exchange their GLC Shares for Leo Shares instead of shares of Amalco, on the basis of one fully paid and non-assessable Leo Share for every one Class A GLC Share held, following which, with respect to each GLC Share exchanged:
    - (A) the holder of such Class A GLC Share shall cease to be the holder of such Class AGLC Share;
    - (B) the holder's name will be removed from the central securities register of GLC with respect to such Class A GLC Share;
    - (C) the certificate representing such Class A GLC Share shall be deemed to have been cancelled; and

- (D) the holder of such Class A GLC Share shall be deemed to have executed and delivered all consents, assignments and waivers, statutory or otherwise, required to effect such transfer;
- (ii) subject to paragraph 1.2(p) each holder of Class B GLC Shares will exchange their GLC Shares for (A) a cash payment of \$0.125 per Class B GLC Share held; and (B) Leo Shares instead of shares of Amalco, on the basis of one fully paid and non-assessable Leo Share for every one Class B GLC Share held, following which, with respect to each GLC Share exchanged:
  - (A) the holder of such Class B GLC Share shall cease to be the holder of such Class B GLC Share;
  - (B) the holder's name will be removed from the central securities register of GLC with respect to such Class B GLC Share;
  - (C) the certificate representing such Class B GLC Share shall be deemed to have been cancelled; and
  - (D) the holder of such Class B GLC Share shall be deemed to have executed and delivered all consents, assignments and waivers, statutory or otherwise, required to effect such transfer;
- (iii) subject to paragraph 1.2(p) each holder of Class C GLC Shares will exchange their GLC Shares for Leo Shares instead of shares of Amalco, on the basis of one fully paid and non-assessable Leo Share for every one Class C GLC Share held, following which, with respect to each GLC Share exchanged:
  - (A) the holder of such Class C GLC Share shall cease to be the holder of such Class C GLC Share;
  - (B) the holder's name will be removed from the central securities register of GLC with respect to such Class C GLC Share;
  - (C) the certificate representing such Class C GLC Share shall be deemed to have been cancelled; and
  - (D) the holder of such Class C GLC Share shall be deemed to have executed and delivered all consents, assignments and waivers, statutory or otherwise, required to effect such transfer;
- (iv) Leo shall receive one fully paid and non-assessable Amalco Share for each one Subco Share held by Leo, following which all such Subco Shares shall be cancelled;
- (v) in consideration of the issuance of Leo Shares, Amalco shall issue to Leo one Amalco Share for each Leo Share issued;
- (vi) the unissued shares of each of GLC and Subco will be cancelled with not be exchanged for any shares of Amalco.



- (vii) Leo shall be entitled to deduct and withhold from any consideration otherwise payable pursuant to transactions contemplated by this Agreement to any holder of GLC Shares such amounts as it determines are required or permitted to be deducted and withheld with respect to such payment under the ITA or any provision of provincial, state, local or foreign tax law, in each case as amended; to the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the GLC Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority; and
  - (viii) Amalco will become a wholly-owned subsidiary of Leo.
- (m) At the Effective Time:
- (i) subject to subsection 1.2(p), the registered holders of GLC Shares shall become the registered holders of the Leo Shares to which they are entitled, calculated in accordance with the provisions hereof, and the holders of share certificates representing such GLC Shares shall surrender such certificates to Leo and, upon such surrender, shall be entitled to receive and, as soon as reasonably practicable following the Effective Time shall receive, share certificates representing the number of Leo Shares to which they are so entitled, provided that any certificates for Leo Shares being delivered to any holders qualifying as U.S. Persons shall bear on the face thereof the following legend:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR STATE SECURITIES LAWS. THE HOLDER HEREOF AGREES FOR THE BENEFIT OF CANOE RESOURCES INC. AND ANY SUCCESSOR ENTITY (THE "CORPORATION") THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, AFTER PROVIDING A LEGAL OPINION SATISFACTORY TO THE CORPORATION, ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) INSIDE THE UNITED STATES PURSUANT TO EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, OR (D) INSIDE THE UNITED STATES PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION; and
  - (ii) Leo shall become the registered holder of the Amalco Shares to which it is entitled, calculated in accordance with the provisions hereof, and shall be entitled to receive a share certificate representing the number of Amalco Shares to which it is entitled, calculated in accordance with the provisions hereof.
- (n) Each GLC Share held by an GLC Dissenting Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all liens, claims and encumbrances, other than the right to be paid fair value for such GLC Shares in accordance with Article II, to Amalco and Amalco shall thereupon be obliged to pay the amount therefor determined and payable in accordance with Article II hereof, and the name of such holder shall be removed from the central securities register as a holder of GLC Shares.

- (o) If an GLC Dissenting Shareholder fails to perfect or effectively withdraws its claim under section 238 of the BCBCA or forfeits its right to make a claim under section 238 of the BCBCA or if its rights as an GLC Shareholder are otherwise reinstated, such holder's GLC Shares shall thereupon be deemed to have been converted as of the Effective Time as prescribed by subsection 1.2(1)(i).
- (p) There shall be no restriction on the transferability of the shares of Amalco.

**1.3 Board of Directors and Officers**

Each of the Parties hereby agrees that upon completion of the Amalgamation, the board of directors of Leo shall be increased to seven (7) directors and consist of the following persons and management of Leo shall be comprised of the following persons:

David Schmidt	- Director
Stanley Lu	- Director
Dr. Stephanie Liu	- Director
Sarah Donald	- Director
Suzette Ramcharan	- Director
Anthony Jackson	- Chairman and Director
Terry Roycroft	- Chief Executive Officer

**1.4 Security Certificates and Amalgamation**

After the Effective Date certificates formerly representing GLC Shares, except for shares held by GLC Shareholders exercising their Dissent Rights, represent only the right to receive certificates representing Leo Shares. Leo shall cause its transfer agent to deliver certificates representing the Leo Shares to which the GLC Shareholders are entitled on the basis of subsection 1.2(1) above as soon as reasonably practicable following the Effective Date, which Leo shares will be issued and fully paid and non-assessable common shares of Leo.

**1.5 Name Change**

On the Effective Date, Leo will change its name to Green Life Clinics Ltd., or such other name as GLC and Leo may agree upon, acting reasonably, and which is acceptable to the Registrar and the CSE.

**1.6 Modifications**

GLC, Subco and Leo may, by resolution of their respective directors, assent to any alteration or modification of this Agreement which the Registrar may require, and all alterations and modifications so assented to will be binding upon GLC, Subco and Forte. In addition, this Agreement may at any time and from time to time be amended by written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of their respective shareholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the parties hereto;

- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants contained herein and waive or modify performance of any of the obligations of the parties hereto; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment shall change the provisions hereof regarding the consideration to be received by the GLC Shareholders in exchange for their GLC Shares without approval by the GLC Shareholders.

### ***1.7 Abandonment***

GLC, Subco and Leo may at any time prior to the filing of the Amalgamation Application with the Registrar, by an instrument of termination approved by or subsequently ratified by a resolution of their respective directors and duly signed by an authorized signatory of each of GLC, Subco and Leo, terminate and abandon this Agreement and all rights of all of GLC, Subco and Leo will thereby be at an end and this Agreement will be of no force or effect whatsoever.

## **ARTICLE II DISSENT RIGHTS**

### ***2.1 Dissent Rights***

Registered GLC Shareholders may exercise rights of dissent (“**Dissent Rights**”) from the GLC Amalgamation Resolution pursuant to and in the manner set forth in Part 8, Division 2 of the BCBCA as modified by this Article II, provided that notwithstanding subsection 242(2) of the BCBCA, the written objection to the GLC Amalgamation Resolution must be sent to GLC by holders who wish to dissent and received by GLC not later than 3:00 p.m. (Vancouver Time) on the date that is two Business Days immediately prior to the GLC Meeting or any date to which the GLC Meeting may be postponed or adjourned and provided further that holders who exercise such rights of dissent and who:

- (i) are ultimately entitled to be paid fair value for their GLC Shares, which fair value shall be the fair value of such shares as at the close of business on the day prior to the GLC Meeting and shall be paid an amount equal to such fair value by Amalco, will cease to have any rights as former GLC Shareholders, other than their right to be paid by Leo the fair value for such GLC Shares as calculated above, and such GLC Shares will be and will be deemed to be cancelled; and
- (ii) are ultimately not entitled, for any reason, to be paid fair value for their GLC Shares shall be deemed to have participated in the Amalgamation, as of the Effective Time, on the same basis as a non-dissenting holder of GLC Shares and shall be entitled to receive only the consideration contemplated in Section 1.2(1)(i) hereof that such holder would have received pursuant to the Amalgamation if such holder had not exercised Dissent Rights,

but in no case shall Leo, Subco, GLC, Amalco or any other person be required to recognize holders of GLC Shares who exercise Dissent Rights as holders of GLC Shares after the time that is immediately prior to the Effective Time, and the names of such holders of GLC Shares who exercise Dissent Rights shall be deleted from the central securities register as holders of GLC Shares at the Effective Time. In no

circumstances shall Leo, Subco, GLC, Amalco or any other person be required to recognize a person exercising Dissent Rights unless such person is a registered holder of GLC Shares in respect of which such Dissent Rights are sought to be exercised. A registered holder of GLC Shares is not entitled to exercise Dissent Rights with respect to GLC Shares if such holder votes (or instructs, or is deemed, by submission of any incomplete proxy, to have instructed his, her or its proxyholder to vote) in favor of the GLC Amalgamation Resolution.

### **ARTICLE III DEPOSITS AND ADVANCES**

In addition to the consideration due to the GLC Shareholders pursuant to the Amalgamation as set forth in subsection 1.2(1) above:

#### ***3.1 Repayment of Debt and PAP Transaction***

On the execution of this Agreement, Leo shall advance to GLC, the aggregate sum of \$2,255,000 in cash, which funds will be utilized for the sole purposes of (1) repayment of shareholder loans in GLC the in the amount of \$1,255,000, (2) allowing GLC to secure the PAP Transaction, of which \$1,000,000 shall be paid as deposit to PAP.

#### ***3.2 PAP Transaction***

On the Effective Date, Leo shall advance to GLC the further sum of \$1,000,000, which funds will be utilized for the sole purpose of causing GLC to complete the acquisition of PAP pursuant to the PAP Agreement.

### **ARTICLE IV REPRESENTATIONS AND WARRANTIES OF GLC**

GLC represents and warrants to and in favour of Leo and Subco and acknowledges that Leo and Subco are relying on such representations and warranties in connection with this Agreement and the transactions contemplated herein:

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

- (a) GLC is a corporation duly organized, validly existing, and in good standing under the Laws of its jurisdiction of incorporation and is qualified or registered to transact business and is in good standing in the jurisdictions where it is required to qualify or register in order to conduct its business as presently conducted, except where the failure to be so qualified or registered would not have a Material Adverse Effect on GLC. There are no subsidiaries of GLC, other than the GLC Subsidiaries.
- (b) GLC holds a 100% registered and/or beneficial ownership interest in the GLC Subsidiaries, free of all Encumbrances, and no person has any agreement, option, commitment, arrangement or any other right capable of becoming an agreement, option or commitment for the purchase, subscription, allotment or issuance of any of the unissued shares or any other securities of the GLC Subsidiaries or the purchase or other acquisition from the GLC Subsidiaries of any of their business or assets.
- (c) The GLC Subsidiaries are corporations duly organized, validly existing, and in good standing under the Laws of their jurisdiction of incorporation and are qualified or

registered to transact business and are in good standing in the jurisdictions where it is required to qualify or register in order to conduct its business as presently conducted, except where the failure to be so qualified or registered would not have a Material Adverse Effect on GLC.

- (d) Each of GLC and the GLC Subsidiaries has the corporate power and authority to own, lease or operate its properties and to carry on its business as now conducted.
- (e) As of the date of this Agreement and the Effective Date, no proceedings have been instituted or are pending for the winding up, dissolution or liquidation of GLC or the GLC Subsidiaries. Neither GLC nor the GLC Subsidiaries are insolvent and have not committed an act of bankruptcy within the meaning of the *Bankruptcy Act* (Canada).

#### **4.2 Consents, Authorizations, and Binding Effect**

- (a) GLC may execute, deliver and perform this Agreement without the necessity of obtaining any consent, approval, authorization or waiver, or giving any notice or otherwise, except:
  - (i) consents, approvals, authorizations and waivers which have been obtained and are unconditional, and in full force and effect, and notices which have been given on a timely basis;
  - (ii) the approval of the GLC Amalgamation Resolution by the holders of not less than 66 2/3% of the GLC Shares represented in person or by proxy at the GLC Meeting or of the holders of 100% of the GLC Shares via unanimous shareholder resolution;
  - (iii) the filing of the Amalgamation Application with the Registrar under the BCBCA; or
  - (iv) those which, if not obtained or made, would not prevent or delay the consummation of the Amalgamation or otherwise prevent GLC from performing its obligations under this Agreement and would not be reasonably likely to have a Material Adverse Effect on GLC.
- (b) GLC has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to complete the Amalgamation, subject to the approval of the GLC Amalgamation Resolution by the GLC Shareholders
- (c) This Agreement has been duly executed and delivered by GLC and constitutes a legal, valid, and binding obligation of GLC, enforceable against it in accordance with its terms, except:
  - (i) as may be limited by bankruptcy, reorganization, insolvency and similar Laws of general application relating to or affecting the enforcement of creditors' rights or the relief of debtors; and
  - (ii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

- (d) The execution, delivery, and performance of this Agreement will not:
- (i) conflict with or constitute a breach or violation of the Certificate or any of the terms and provisions of the notice of articles (or like charter documents) or articles, each as amended, of GLC;
  - (ii) conflict with, result in the breach of or constitute a default under or accelerate or permit the acceleration of the performance required or give to others a right of termination, cancellation, creation or acceleration of any obligation under, including the acceleration of any indebtedness of GLC or the GLC Subsidiaries or cause any indebtedness of GLC or the GLC Subsidiaries to come due before its stated maturity, or the loss of any material benefit under or the creation of any benefit or right of any third party under any Contract, permit or license to which GLC is a party or as to which any of its property is subject which would have a Material Adverse Effect on GLC;
  - (iii) result in the imposition of any restriction, hindrance, impairment or limitation on the ability of GLC or the GLC Subsidiaries to conduct its business as and where it is now being conducted or result in the imposition of restrictions on the ability of GLC or the GLC Subsidiaries to pay dividends or make distributions to its shareholders;
  - (iv) constitute a violation of any Law applicable or relating to GLC or its business except for such violations which would not have a Material Adverse Effect on GLC; or
  - (v) result in the creation of any lien upon any of the assets of GLC or the GLC Subsidiaries other than such liens as would not have a Material Adverse Effect on GLC.

#### **4.3 Litigation and Compliance**

- (a) Except as disclosed in the Disclosure Letter, to the best of GLC's knowledge, there are no actions, suits, claims or proceedings, whether in equity or at law or, any Governmental investigations pending or threatened:
- (i) against or affecting GLC or the GLC Subsidiaries or with respect to or affecting any asset or property owned, leased or used by GLC or the GLC Subsidiaries; or
  - (ii) which question or challenge the validity of this Agreement, or the Amalgamation or any action taken or to be taken pursuant to this Agreement, or the Amalgamation;
- nor is GLC aware of any basis for any such action, suit, claim, proceeding or investigation.
- (b) There is not outstanding against GLC or the GLC Subsidiaries, any judgment, decree, injunction, rule, order or award of any court, Governmental entity, commission, board, bureau, agency, or arbitrator.

- (c) Each of GLC and the GLC Subsidiaries has conducted and is conducting its business in compliance with, and is not in default or violation under, and has not received notice asserting the existence of any default or violation under, any Law applicable to its business or operations, except for non-compliance, defaults and violations which would not, in the aggregate, have a Material Adverse Effect on GLC.
- (d) Neither GLC nor any of its assets, including the GLC Subsidiaries, is subject to any judgment, order or decree entered in any lawsuit or proceeding which has had, or which is reasonably likely to have, a Material Adverse Effect on GLC or which is reasonably likely to prevent GLC from performing its obligations under this Agreement.
- (e) To the best knowledge of GLC, each of GLC and the GLC Subsidiaries has duly filed or made all reports and returns required to be filed by it with any Government and has obtained all permits, licenses, consents, approvals, certificates, registrations and authorizations (whether Governmental, regulatory or otherwise) which are required in connection with its business and operations, except where the failure to do so has not had and will not have a Material Adverse Effect on GLC.

#### ***4.4 Business***

- (a) GLC was incorporated solely for the purposes of completing the acquisition of GLC Subsidiary, the PAP Transaction and the Acquisition and has no assets other than the GLC Subsidiaries, this Agreement and the PAP Agreement and has no active business operations.
- (b) There are or will be on the Effective Date reasonable grounds for believing that (i) GLC is able to pay its liabilities as they become due and (ii) the realizable value of the property and assets of GLC are not less than the aggregate of the liabilities thereof and the stated capital of all classes of shares thereof.
- (c) GLC is not a “reporting issuer” (or its equivalent) under Canadian Securities Laws or in any other jurisdiction and the GLC Shares are not listed for trading on any stock exchange.

#### ***4.5 Contracts.***

- (a) The sole Contracts of GLC as of the date of this Agreement are this Agreement, the PAP Agreement and the MCRCI Agreement. The Material Contracts of the GLC Subsidiaries are as outlined in the MCRCI Agreement
- (b) GLC, the GLC Subsidiaries and, to the knowledge of GLC, each of the other parties thereto is in compliance with all covenants under any Contract and no default has occurred which, with notice or lapse of time or both would directly or indirectly constitute such a default under any Contract, except for such non-compliance or default has not had and will not have a Material Adverse Effect on GLC.
- (c) Each Material Contract of GLC or the GLC Subsidiaries is in good standing, constitutes a valid and binding agreement of each of the parties thereto, is in full force and effect and is enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws affecting creditors’ rights generally and subject to the qualification that equitable remedies may be granted in the

discretion of a court of competent jurisdiction, except where such invalidity or unenforceability has not had and will not have a Material Adverse Effect on GLC.

- (d) GLC has no knowledge of the invalidity of or grounds for rescission, avoidance or repudiation of any Material Contract of GLC or the GLC Subsidiaries and has received no notice of any intention to terminate any such Material Contract or repudiate or disclaim any transaction contemplated thereby. Except pursuant to this Agreement or the PAP Agreement, GLC does not have any agreements or understanding of any nature whatsoever to acquire, merge or enter into any business combination or joint venture agreement with any other entity, or to acquire any other business operations.

#### **4.6 Capitalization**

- (a) At the date hereof the authorized capital of GLC consists of an unlimited number of Class A GLC Shares and unlimited number of Class B GLC Shares and an unlimited number of Class C GLC Shares.
- (b) As of the date hereof, there are 4,000,000 Class A GLC Shares issued and outstanding, 16,000,000 Class B GLC Shares issued and outstanding and nil Class C GLC Shares issued and outstanding, provided however, that upon the completion of the PAP Transaction, there will be 5,000,000 Class C GLC Shares issued and outstanding.
- (c) All the outstanding GLC Shares have been duly authorized and are validly issued, fully paid and non-assessable, free of pre-emptive rights.
- (d) No person has any pre-emptive right or right of first refusal in respect of the allotment and issuance of any unissued GLC Shares or any other securities of GLC.
- (e) No distributions, dividends or redemptions of any kind whatsoever on any GLC Shares have been made, declared or authorized.
- (f) There are no authorized, outstanding or existing:
  - (i) voting trusts or other agreements or understandings with respect to the voting of any GLC Shares to which GLC is a party;
  - (ii) securities issued by GLC that are convertible into or exchangeable for GLC Shares;
  - (iii) agreements, options, warrants or other rights capable of becoming agreements, options or warrants to purchase or subscribe for any GLC Shares or securities convertible into or exchangeable for any GLC Shares, other than the PAP Agreement or the MCRCI Agreement;
  - (iv) agreements of any kind to which GLC is party relating to the issuance of any GLC Shares, any securities convertible, exchangeable or exercisable for GLC Shares, or requiring GLC to qualify securities of GLC for distribution by prospectus under Canadian Securities Laws; or
  - (v) agreements of any kind which may obligate GLC to issue or purchase, redeem or otherwise acquire any of its securities, other than the MCRCI Agreement.



#### **4.7 *Indebtedness***

Other than \$255,000 in shareholder loans advanced to GLC, no indebtedness for borrowed money is owing or guaranteed by GLC or the GLC Subsidiaries.

#### **4.8 *Brokers***

Neither GLC nor GLC Subsidiary nor their Associates, Affiliates or Advisors have retained any broker or finder in connection with the Amalgamation or the other transactions contemplated hereby, nor have any of the foregoing incurred any liability to any broker or finder by reason of any such transaction.

#### **4.9 *Real Property***

GLC does not hold any freehold, leasehold and other real property interests or rights (including licenses from landholders permitting the use of land, leases, rights of way, occupancy rights, surface rights and easements). The GLC Subsidiaries are party to the leases as outlined in the MCRCI Agreement

#### **4.10 *Intellectual Property***

GLC does not own or possess any intellectual property rights. To GLC's knowledge, its business as now conducted does not, and as currently proposed to be conducted will not, infringe or conflict with, in any material respect, patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses or other intellectual property or franchise right of any person. The GLC Subsidiaries hold the intellectual property rights as outlined in the MCRCI Agreement. No claim has been made against GLC or the GLC Subsidiaries alleging the infringement by GLC or the GLC Subsidiaries of any patent, trademark, service mark, trade name, copyright, trade secret, license in or other intellectual property right or franchise right of any person.

#### **4.11 *Books and Records***

The Books and Records of GLC (i) are true, complete and correct in all material respects, (ii) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice, (iii) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisition and dispositions of property or assets of GLC and (iv) will accurately and fairly reflect the basis for the consolidated financial statements of GLC to be prepared and incorporated into the Listing Statement. All transactions relating to the business and undertaking of GLC and all such Books and Records are maintained at the offices of GLC or its officers and professional advisors.

#### **4.12 *Corporate Records***

To the best knowledge of GLC, the corporate records of GLC and the GLC Subsidiaries, as required to be maintained by GLC under the laws of the Province of British Columbia have been maintained in accordance with applicable laws and are true, complete and correct in all material respects of all meetings of, and copies of all resolutions passed by, or consented to in writing by, its directors (and any committees thereof) and shareholders since its incorporation, all such meetings were duly called and held and all such resolutions were duly passed or enacted.

**ARTICLE V**  
**REPRESENTATIONS AND WARRANTIES OF LEO AND SUBCO**

Each of Leo and Subco hereby represents and warrants to GLC as follows and acknowledges that GLC is relying on such representations and warranties in entering into this Agreement and completing the transactions contemplated herein:

***5.1 Organization and Good Standing***

- (a) Each of Leo and Subco is a corporation duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its incorporation and is qualified or registered to transact business and is in good standing in the jurisdictions where it is required to qualify or register in order to conduct its business as presently conducted, except where the failure to be so qualified or registered would not have a Material Adverse Effect on Leo or on any such company. Except for Subco, there are no other subsidiaries of Leo.
- (b) Leo holds a 100% registered and beneficial ownership interest in Subco, free of all Encumbrances, and no person has any agreement, option, commitment, arrangement or any other right capable of becoming an agreement, option or commitment for the purchase, subscription, allotment or issuance of any of the unissued shares or any other securities of Subco and Subco holds no assets and has been created by Leo solely for the purposes of completing the Amalgamation.
- (c) Leo has the corporate power and authority to own, lease, or operate its properties and to carry on its business as now conducted.
- (d) As of the date of this Agreement and the Effective Date, no proceedings have been instituted or are pending for the winding up, dissolution or liquidation of Leo or Subco. Neither Leo nor Subco are insolvent and have not committed an act of bankruptcy within the meaning of the *Bankruptcy Act* (Canada).

***5.2 Consents, Authorizations, and Binding Effect***

- (a) Leo and Subco may execute, deliver, and perform this Agreement without the necessity of obtaining any consent, approval, authorization or waiver, or giving any notice or otherwise, except:
  - (i) the approval of the Subco Amalgamation Resolution by Leo as sole shareholder of Subco;
  - (ii) the approval of the CSE, which shall require the approval of the Leo Shareholders of the Acquisition;
  - (iii) consents, approvals, authorizations and waivers, which have been obtained, and are unconditional and in full force and effect and notices which have been given on a timely basis;
  - (iv) the filing of the Amalgamation Application with the Registrar under the BCBCA; or

- (v) those which, if not obtained or made, would not prevent or delay the consummation of the Amalgamation or otherwise prevent Leo or Subco from performing their respective obligations under this Agreement and would not be reasonably likely to have a Material Adverse Effect on Leo.
- (b) Each of Leo and Subco has full corporate power and authority to execute and deliver this Agreement and to perform its respective obligations hereunder and to complete the Amalgamation.
- (c) The board of directors of Leo and Subco have unanimously approved the Amalgamation and the execution, delivery and performance of this Agreement.
- (d) The board of directors of Subco have unanimously approved the Amalgamation and the execution, delivery and performance of this Agreement.
- (e) This Agreement has been duly executed and delivered by Leo and Subco and constitutes a legal, valid, and binding obligation of Leo and Subco enforceable against each of them in accordance with its terms, except:
  - (i) as may be limited by bankruptcy, reorganization, insolvency and similar Laws of general application relating to or affecting the enforcement of creditors' rights or the relief of debtors; and
  - (ii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defences and to the discretion of the court before which any proceeding therefor may be brought.
- (f) The execution, delivery, and performance of this Agreement will not:
  - (i) conflict with or constitute a breach or violation of the Certificate or any of the terms and provisions of the notice of articles (or like charter documents) or article, each as amended, of Leo or Subco;
  - (ii) conflict with, result in the breach of or constitute a default under or accelerate or permit the acceleration of the performance required or give to others a right of termination, cancellation, creation or acceleration of any obligation under, including the acceleration of any indebtedness of Leo or cause any indebtedness of Leo to come due before its stated maturity, or the loss of any material benefit under or the creation of any benefit or right of any third party under any Contract, permit or license to which Leo is a party or as to which any of its property is subject which would in any such case have a Material Adverse Effect on Leo;
  - (iii) result in the imposition of any restriction, hindrance, impairment or limitation on the ability of Leo to conduct its business as and where it is now being conducted or result in the imposition of restrictions on the ability of Leo to pay dividends or make distributions to its shareholders;
  - (iv) constitute a violation of any Law applicable or relating to Leo or its business except for such violations which would not have a Material Adverse Effect on Leo; or

- (v) result in the creation of any lien upon any of the assets of Leo, other than such liens as would not have a Material Adverse Effect on Leo.

### ***5.3 Litigation and Compliance***

- (a) To the best of Leo's knowledge there are no actions, suits, claims or proceedings, whether in equity or at law, or any Governmental investigations pending or threatened:
  - (i) against or affecting Leo or with respect to or affecting any asset or property owned, leased or used by Leo; or
  - (ii) which question or challenge the validity of this Agreement or the Amalgamation or any action taken or to be taken pursuant to this Agreement or the Amalgamation;

nor is Leo aware of any basis for any such action, suit, claim, proceeding or investigation.

- (b) There is not outstanding against Leo, any judgment, decree, injunction, rule, order or award of any court, Governmental entity, commission, board, bureau, agency, or arbitrator.
- (c) Leo has conducted and is conducting its business in compliance with, and is not in default or violation under, and has not received notice asserting the existence of any default or violation under, any Law applicable to the businesses or operations of Leo, except for non-compliance, defaults, and violations which would not, in the aggregate, have a Material Adverse Effect on Leo.
- (d) Neither Leo nor any assets of Leo are subject to any judgment, order or decree entered in any lawsuit or proceeding which has had, or which is reasonably likely to have, a Material Adverse Effect on Leo or which is reasonably likely to prevent Leo from performing its obligations under this Agreement.
- (e) Leo has duly filed or made all reports and returns required to be filed by it with any Government and has obtained all permits, licenses, consents, approvals, certificates, registrations and authorizations (whether Governmental, regulatory or otherwise) which are required in connection with the business and operations of Leo, except where the failure to do so has not had and will not have a Material Adverse Effect on Leo.

### ***5.4 Public Filings; Financial Statements***

- (a) Leo has filed all documents required pursuant to Canadian Securities Laws (the "**Leo Securities Documents**"). As of their respective dates, the Leo Securities Documents complied in all material respects with the then applicable requirements of the Canadian Securities Laws and, at the respective times they were filed, none of the Leo Securities Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make any statement therein, in light of the circumstances under which it was made, not misleading. Leo has not filed any confidential disclosure reports which have not at the date hereof become public knowledge. To the knowledge of Leo, none of the filings comprising the Leo Securities

Documents are the subject of ongoing review, comment or investigation by any Governmental entity or the CSE.

- (b) The financial statements (including, in each case, any notes thereto) of Leo included in the Leo Securities Documents were prepared in accordance with IFRS or Canadian GAAP, as applicable applied on a consistent basis during the periods involved (except as may be indicated therein or in the notes thereto) and fairly presented the assets, liabilities and financial condition of Leo as of the respective dates thereof and the earnings, results of operations and changes in financial position of Leo for the periods then ended (subject, in the case of unaudited statements, to the absence of footnote disclosure and to normal year-end audit adjustments and to any other adjustments described therein). Except as disclosed in the Leo Securities Documents, Leo has not, since January 31, 2017, made any change in the accounting practices or policies applied in the preparation of its financial statements.
- (c) Leo does not have any liability or obligation including, without limitation, tax liabilities, whether accrued, absolute, contingent or otherwise, not reflected in its financial statements for years ended July 31, 2016 and July 31, 2015 and the interim statements for the six months ended January 31, 2017, except liabilities and obligations incurred in the ordinary course of business, which liabilities and obligations do not in the aggregate exceed \$100,000.
- (d) There are reasonable grounds for believing that (i) Leo is able to pay its liabilities as they become due and (ii) the realizable value of the property and assets of Leo are not less than the aggregate of the liabilities thereof and the stated capital of all classes of shares thereof.
- (e) Leo is a “reporting issuer” (or its equivalent) under Canadian Securities Laws of each of the Provinces of Ontario, Alberta and British Columbia. Leo is not currently in default in any material respect of any requirement of Canadian Securities Laws and Leo is not included on a list of defaulting reporting issuers maintained by any of the securities commissions or similar regulatory authorities in each of such Provinces.
- (f) There has not been any reportable event (within the meaning of National Instrument 51-102 of the Canadian Securities Administrators) since July 31, 2014 with the auditors of Leo.
- (g) There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of Leo with unconsolidated entities or other persons.
- (h) Abraham Chan LLP are the auditors of Leo and are independent public accountants as required under applicable Laws. Leo has never had any reportable disagreements with its present or any former auditor.

## **5.5 Taxes**

Leo has timely filed, or has caused to be timely filed on its behalf, all Tax Returns required to be filed by it, all such Tax Returns are complete and accurate in all material respects, for all periods through July 31, 2016 for Leo. All Taxes shown to be due on such Tax Returns, or otherwise owed, have been timely paid, other than those which are being contested in good faith and in respect of which adequate

reserves have been provided in the most recently published financial statements of Leo. Leo's most recent audited financial statements reflect a reserve in accordance with IFRS for all Taxes payable by Leo for all taxable periods and portions thereof through the date of such financial statements. No deficiency with respect to any Taxes has been proposed, asserted or assessed in writing against Leo, there are no actions, suits, proceedings, investigations or claims pending or threatened against Leo in respect of Taxes or any matters under discussion with any Government relating to Taxes, in each case which are likely to have a Material Adverse Effect on Leo, and no waivers or written requests for waivers of the time to assess any such Taxes are outstanding or pending. Leo has withheld from each payment made to any of their past or present employees, officers or directors, and to any non-resident of Canada, the amount of all Taxes required to be withheld therefrom and have paid the same to the proper tax or receiving officers within the time required under applicable legislation. Leo has remitted to the appropriate tax authorities all amounts collected by it in respect of federal goods and services tax and provincial or harmonized sales taxes. There are no liens for Taxes upon any asset of Leo except liens for taxes not yet due.

#### ***5.6 Pension and Other Employee Plans and Agreement***

Other than the Leo stock option plan, Leo does not maintain or contribute to any Employee Plan.

#### ***5.7 Labour Relations***

No employees of Leo are covered by any collective bargaining agreement or other similar arrangement with a labour union or employee association, nor has it made any commitment to or conducted any negotiation or discussion with any labour union or employee association with respect to any future agreement or arrangement and, to the knowledge of Leo, there is no current application for certification or other attempt to organize or establish any labour union or employee association with respect to Leo.

#### ***5.8 Employees***

Leo has no employments or consulting agreements or arrangements with any person other than current directors and officers of Leo. Leo is not aware of any breaches of any employment or consulting agreement to which Leo is party. Leo has, in all material respects, complied with, and operated its business in accordance with, all applicable Laws relating to employment and labour matters, including employment and labour standards, occupational health and safety, employment equity, pay equity, workers' compensation, human rights and labour relations matters, and there are no current, or to the knowledge of Leo, pending or threatened material proceedings before any Governmental entity with respect to any of Leo's employees. There are no material complaints, claims, charges, levies or penalties outstanding or, to the knowledge of Leo, anticipated, nor are there any orders, decisions, directions or convictions currently registered or outstanding by any Governmental entity against or in respect of Leo under or in respect of any employment or labor Laws.

#### ***5.9 Change in Control***

No director or officer or any other person will, as a result of the transactions contemplated hereby, become entitled to (A) any retirement, severance, bonus or other such payment, (B) the acceleration of the vesting or time to exercise of any outstanding stock options, (C) the forgiveness or postponement of payment of any indebtedness owing to Leo, or (D) receive any additional payments or compensation under or in respect of any employee benefits.

#### ***5.10 Contracts, Etc.***

- (a) Except for this Agreement or contracts, agreements, leases and commitments entered into in the ordinary course of business or which have been filed as, Leo is not a party to or bound by any Contract:
- (i) relating to capital expenditures or improvements in excess of \$50,000 in the aggregate;
  - (ii) by which title to any assets, rights or properties is retained by a third party as security for an obligation;
  - (iii) which will be at the Effective Date secured by a lien upon any assets, rights or properties as security for an obligation;
  - (iv) relating to the employment of any employees or the rights of employees upon severance or termination;
  - (v) relating to management, consulting or any other similar type of Contract which involves an amount exceeding \$50,000 per annum, excluding those which may be terminated without penalty on 90 days' notice or less;
  - (vi) which contemplates payment on or as a result of a change of control of Leo (whether on termination of such agreement, on occurrence of any other event or circumstances, or after notice or lapse of time or otherwise);
  - (vii) with any director or officer, former director or officer, shareholder or any person not dealing at arm's length with Leo;
  - (viii) with a bank or other financial institution relating to borrowed money;
  - (ix) relating to the existence, creation, purchase or sale of any bonds, debentures, notes or long-term debts;
  - (x) relating to outstanding letters of credit or constituting an agreement of guarantee or indemnification of the obligations or liabilities (contingent or otherwise) of any other person or relating to commitments to purchase the assets of any other person or to guarantee the price thereof;
  - (xi) relating to the acquisition or disposition of any shares or securities of any entity, other than this Agreement;
  - (xii) relating to the acquisition, disposition or lease of any business operations or real property;
  - (xiii) limiting or restraining Leo from engaging in any activities or competing with any person;
  - (xiv) which involves the use of a derivative, including any forward contracts or options; or
  - (xv) relating to the existence or creation of any *bona fide* offer of an opportunity (including a joint venture opportunity) to any person.

- (b) Leo and, to the knowledge of Leo, each of the other parties thereto, is in compliance with all covenants under any Contract, and no default has occurred which, with notice or lapse of time or both, would directly or indirectly constitute such a default, except for such non-compliance or default as has not had and will not have a Material Adverse Effect on Leo.

#### ***5.11 Material Contracts***

All Material Contracts, and any agreement which exists in draft or unsigned form or in respect of which a term sheet, letter of intent, memorandum of understanding or other similar document exists which would, upon execution of the definitive agreement, constitute a Material Contract of Leo has been provided to Leo or its Advisors by Leo prior to the date of this Agreement and are true and complete copies thereof. Each such Material Contract is in good standing, constitutes a valid and binding agreement of each of the parties thereto, is in full force and effect and is enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws affecting creditors' rights generally and subject to the qualification that equitable remedies may be granted in the discretion of a court of competent jurisdiction. Leo has no knowledge of the invalidity of or grounds for rescission, avoidance or repudiation of any such Material Contract and has received no notice of any intention to terminate any such Material Contract or repudiate or disclaim any transaction contemplated thereby. Except pursuant to this Agreement, Leo does not have any agreements or understanding of any nature whatsoever to acquire, merge or enter into any business combination or joint venture agreement with any other entity, or to acquire any other business operations

#### ***5.12 Absence of Certain Changes, Etc.***

Except as contemplated by the Amalgamation and this Agreement or as publicly disclosed in the Leo Securities Documents, since January 31, 2017:

- (a) there has been no Material Adverse Change in Leo;
- (b) Leo has not:
  - (i) sold, pledged, encumbered, transferred, distributed, or otherwise disposed of or acquired a material amount of its assets, or agreed to do any of the foregoing, except in the ordinary course of business;
  - (ii) incurred any liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) which has had or is likely to have a Material Adverse Effect on Leo;
  - (iii) prior to the date hereof, made or agreed to make any material capital expenditure or commitment for additions to property, plant, or equipment in excess of \$50,000;
  - (iv) made or agreed to make any material increase in the compensation payable to any employee, officer or director except for increases made in the ordinary course of business and consistent with presently existing policies or agreement or past practice, or made or agreed to make any bonus, stock option or other additional salary or compensation to any person or to grant any person any increase in severance or termination pay;



- (v) conducted its operations other than in all material respects in the normal course of business, consistent with past practice;
  - (vi) entered into any material transaction or Material Contract, or amended or terminated any material transaction or Material Contract, except transactions or Contracts entered into in the ordinary course of business; made any change in accounting policies, principles, methods, practices or procedures;
  - (vii) effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Leo Shares;
  - (viii) suffered a material loss, destruction or damage to any of its property, whether or not insured;
  - (ix) waived or cancelled any material, right, debt or claim owed to it;
  - (x) made any payment or loan to, or borrowed any moneys from or otherwise been indebted to, any director, officer, shareholder, employee of Leo or any person not dealing at arm's length with Leo;
  - (xi) agreed or committed to do any of the foregoing; and
- (c) there has not been any declaration, setting aside or payment of any dividend with respect to Leo's capital stock.

### ***5.13 Capitalization***

- (a) As at the date hereof, the authorized capital of Leo consists of an unlimited number of Leo Shares, of which 5,449,416 Leo Shares are outstanding.
- (b) All outstanding shares of all series and classes in the capital of Leo have been duly authorized and are validly issued, fully paid and non-assessable, free of pre-emptive rights.
- (c) No person has any pre-emptive right or right of first refusal in respect of the allotment and issuance of any unissued Leo Shares or any other securities of Leo.
- (d) Other than warrants to acquire 4,900,000 Leo Shares, there are no authorized, outstanding or existing:
  - (i) voting trusts or other agreements or understandings with respect to the voting of any Leo Shares to which Leo is a party;
  - (ii) securities issued by Leo that are convertible into or exchangeable for any Leo Shares;
  - (iii) agreements, options, warrants, or other rights capable of becoming agreements, options or warrants to purchase or subscribe for any Leo Shares or securities convertible into or exchangeable or exercisable for any such common shares;
  - (iv) agreements of any kind to which Leo is party relating to the issuance or sale of any Leo Shares, or any securities convertible into or exchangeable or exercisable

for any such common shares or requiring Leo to qualify securities of Leo for distribution under Canadian Securities Laws; or

- (v) agreements of any kind which may obligate Leo to issue or purchase, redeem or otherwise acquire any of its securities.

#### ***5.14 Environmental Matters***

Leo is in compliance, in all material respects, with all applicable Environmental Laws and has not materially violated any then current environmental laws as applied at that time. Leo has not been convicted of an offense of non-compliance with any Environmental Laws or been fined or otherwise sentenced or settled such prosecution short of conviction. Leo is not the subject of: (i) any proceeding, application, order or directive which relates to any environmental, health or safety matter; or (ii) any demand or notice with respect to any Environmental Laws. Leo has made adequate reserves for all reclamation obligations and has made appropriate arrangements through obtaining reclamation bonds or otherwise to discharge such reclamation obligations, to the extent applicable. Leo is not currently responsible for any material clean-up, rehabilitation, reclamation, remediation or corrective action under any Environmental Laws. To the best of Leo's knowledge, there is no material environmental liability nor factors likely to give rise to any material environmental liability affecting Leo.

#### ***5.15 Indebtedness***

As at the date of this Agreement, no indebtedness for borrowed money was owing or guaranteed by Leo.

#### ***5.16 Undisclosed Liabilities***

There are no material liabilities of Leo of any kind whatsoever, whether or not accrued and whether or not determined or determinable, in respect of which Leo may become liable on or after the consummation of the transactions contemplated hereby other than:

- (a) liabilities disclosed on or reflected or provided for in the most recent financial statements of Leo included in the Leo Securities Documents; and
- (b) liabilities incurred in the ordinary and usual course of business of Leo and attributable to the period since January 31, 2017, none of which has had or may reasonably be expected to have a Material Adverse Effect on Leo.

#### ***5.17 Brokers***

Neither Leo, nor its Associates, Affiliates or Advisors have retained any broker or finder in connection with the transactions contemplated hereby, nor have any of the foregoing incurred any Liability to any broker or finder by reason of any such transaction.

#### ***5.18 Real Property***

Leo does not hold any freehold, leasehold and other real property interests or rights (including licenses from landholders permitting the use of land, leases, rights of way, occupancy rights, surface rights and easements).

#### ***5.19 Intellectual Property***

Leo does not own or possess any intellectual property rights. To Leo's knowledge, its business as now conducted does not, and as currently proposed to be conducted will not, infringe or conflict with, in any material respect, patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses or other intellectual property or franchise right of any person. No claim has been made against Leo alleging the infringement by Leo of any patent, trademark, service mark, trade name, copyright, trade secret, license in or other intellectual property right or franchise right of any person.

#### **5.20 Books and Records**

The Books and Records of Leo (i) are true, complete and correct in all material respects, (ii) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice, (iii) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisition and dispositions of property or assets of Leo and (iv) accurately and fairly reflect the basis for the consolidated financial statements of Leo. All transactions relating to the business and undertaking of Leo and all such Books and Records are maintained at the offices of Leo or its officers and professional advisors.

#### **5.21 Corporate Records**

To the best knowledge of Leo, the corporate records of Leo, as required to be maintained by Leo under the laws of the Province of British Columbia, have been maintained in accordance with applicable laws and are true, complete and correct in all material respects of all meetings of, and copies of all resolutions passed by, or consented to in writing by, its directors (and any committees thereof) and shareholders since its incorporation, all such meetings were duly called and held and all such resolutions were duly passed or enacted.

### **ARTICLE VI COVENANTS OF GLC**

From and after the date hereof and until the Effective Date (except as hereinafter otherwise provided), unless Leo shall otherwise agree in writing:

#### **6.1 Access**

GLC shall permit:

- (a) Leo and its Advisors to have reasonable access at reasonable times to all properties, books, accounts, records, Contracts, files, correspondence, tax records, and documents of or relating to GLC and to discuss such matters with the executive officers of GLC; GLC shall make available to Leo and its Advisors all information concerning its business and properties in its possession or under its control as Leo may reasonably request; and
- (b) Leo to conduct, or cause its agents to conduct, such reasonable reviews, inspections, surveys, tests, and investigations of the assets of GLC as they deem necessary or advisable, provided such reviews are conducted at reasonable times and in a reasonable manner.

#### **6.2 Ordinary Course**

GLC shall conduct business only in the ordinary and usual course consistent with past practice and in accordance with prudent business practices prevailing in the cannabis industry. GLC shall

preserve, substantially intact, its business and its assets and carry on the business of the GLC Subsidiaries and not do or permit to be done any act or thing which would or might reasonably be expected to diminish the business and assets of GLC as a whole. Except as contemplated by this Agreement and the Amalgamation, GLC shall not:

- (a) operate and maintain its business in a manner inconsistent with good and workmanlike practices;
- (b) fail to maintain and preserve good relationships with GLC's and the GLC Subsidiaries' consultants, financial advisors, joint venture partners and others that have business dealings with GLC or the GLC Subsidiaries;
- (c) amend its articles, notice of articles or Certificate of Incorporation (or like charter documents);
- (d) subdivide, split, combine, consolidate, or reclassify any of its outstanding shares of capital stock;
- (e) issue or agree to issue any securities except pursuant to the completion of the PAP Transaction;
- (f) declare, set aside or pay any dividend or make any other distribution payable in cash, shares, stock, securities or property with respect to any of its shares of capital stock;
- (g) repurchase, redeem, or otherwise acquire, directly or indirectly, any of its capital stock or any securities convertible into or exchangeable or exercisable into any of its capital stock;
- (h) incur, guarantee, assume or modify any additional indebtedness for borrowed money in an aggregate amount in excess of \$50,000 in the ordinary course of business, other than as may be required to complete the PAP Transaction;
- (i) other than pursuant to obligations or rights under existing written contracts, agreements and commitments, sell, lease, option, transfer, encumber or otherwise dispose of any material property or assets or enter into any agreement or commitment in respect of any of the foregoing;
- (j) amend or propose to amend the rights, privileges and restrictions attaching to the GLC, or reduce its stated capital;
- (k) reorganize, amalgamate or merge with another Person;
- (l) acquire or agree to acquire any corporation or other entity (or material interest therein) or division of any corporation or other entity or material property or assets, other than pursuant to the PAP Transaction;
- (m) enter into any agreements outside of the ordinary course with its directors or officers or their respective affiliates;
- (n) enter into or modify any employment, consulting, severance, collective bargaining or similar agreement, policy or arrangement with, or grant any bonus, salary increase, option to purchase shares, pension or supplemental pension benefit, profit sharing, retirement

allowance, deferred compensation, incentive compensation, severance, change of control or termination pay to, or make any loan to, any officer, director, employee or consultant of GLC;

- (o) enter into, terminate, amend, vary, relinquish or fail to renew any Material Contracts or fail to meet any obligations under such Material Contracts or otherwise cause a default of such Material Contracts; or
- (p) do or fail to do anything that would result in any of the representations set forth in Article IV not to be true and correct on the Effective Date.

### **6.3 Closing Conditions**

GLC shall use all reasonable efforts to cause all of the conditions to the obligations of Leo and Subco under this Agreement to be satisfied on or prior to the Effective Date (to the extent the satisfaction of such conditions is within the control of the GLC). GLC shall promptly notify Leo of the occurrence of any event or circumstance known to GLC which may result in: (i) a representation or warranty contained in Article IV being untrue, incorrect or misleading; (ii) the breach of any covenant or agreement contained in this Agreement; (iii) the non-fulfillment of any of the conditions precedent set forth in Article IX or Article XI; or (iv) the occurrence of a Material Adverse Change in respect of GLC or the GLC Subsidiaries.

## **ARTICLE VII COVENANTS OF LEO**

From and after the date hereof and until the Effective Date (except as hereinafter otherwise provided), unless GLC shall otherwise agree in writing:

### **7.1 Access**

Leo shall permit:

- (a) GLC and its Advisors to have reasonable access at reasonable times to all properties books, accounts, records, Contracts, files, correspondence, tax records, and documents of or relating to Leo including auditor's working papers and management letters and to discuss such matters with the executive officers of Leo; Leo shall make available to GLC and its Advisors a copy of each report or other document filed pursuant to Canadian Securities Laws and all other information concerning its business and properties in its possession or under its control as GLC may reasonably request; and
- (b) GLC to conduct, or cause its Advisors or agents to conduct, such reasonable reviews, inspections, surveys, tests, and investigations of the assets of Leo as they deem necessary or advisable provided such reviews are conducted at reasonable times and in a reasonable manner.

### **7.2 Ordinary Course**

Leo shall conduct business only in the ordinary and usual course consistent with past practice and in accordance with prudent business practices. Leo shall preserve, substantially intact. Each of Leo and Subco shall not:

- (a) amend its articles, notice of articles or Certificate of Incorporation (or like charter documents), except as contemplated by the Amalgamation and this Agreement;
- (b) subdivide, split, combine, consolidate, or reclassify any of its outstanding shares of capital stock;
- (c) accelerate the vesting of any unvested options or otherwise amend, vary or modify the Leo stock option plan or any options granted thereunder;
- (d) declare, set aside or pay any dividend or make any other distribution payable in cash, shares, stock, securities or property with respect to any of its shares of capital stock other than consistent with past practice;
- (e) repurchase, redeem, or otherwise acquire, directly or indirectly, any of its capital stock or any securities convertible into or exchangeable or exercisable into any of its capital stock;
- (f) incur, guarantee, assume or modify any additional indebtedness for borrowed money in an aggregate amount in excess of \$50,000 in the ordinary course of business;
- (g) other than pursuant to obligations or rights under existing written contracts, agreements and commitments, sell, lease or otherwise dispose of any material property or assets or enter into any agreement or commitment in respect of any of the foregoing;
- (h) amend or propose to amend the rights, privileges and restrictions attaching to the Leo Shares or any of the terms of its stock options or common share purchase warrants as they exist at the date of this Agreement, or reduce its stated capital;
- (i) enter into any agreements outside of the ordinary course with its directors or officers or their respective affiliates;
- (j) except as required by IFRS, or any applicable law, make any changes to the existing accounting practices of Leo or make any material tax election inconsistent with past practice;
- (k) enter into, without prior consultation with and consent of GLC, new commitments of a capital expenditure nature or incur any new contingent liabilities other than (A) expenditures required by law; (B) expenditures made in connection with transactions contemplated in this Agreement; and (C) expenditures required to prevent the occurrence of a Material Adverse Effect;
- (l) enter into or modify any employment, consulting, severance, collective bargaining or similar agreement, policy or arrangement with, or grant any bonus, salary increase, option to purchase shares, pension or supplemental pension benefit, profit sharing, retirement allowance, deferred compensation, incentive compensation, severance, change of control or termination pay to, or make any loan to, any officer, director, employee or consultant of Leo;
- (m) enter into, terminate, amend, or vary any material agreements; or
- (n) do or fail to do anything that would result in any of the representations set forth in Article V not to be true and correct on the Effective Date.

### **7.3 Closing Conditions**

Leo shall use all commercially reasonable efforts to cause all of the conditions to the obligations of GLC under this Agreement to be satisfied on or prior to the Effective Date (to the extent the satisfaction of such conditions is within the control of Leo). Leo shall promptly notify GLC of the occurrence of any event or circumstance known to Leo which may result in: (i) a representation or warranty contained in Article V being untrue, incorrect or misleading; (ii) the breach of any covenant or agreement contained in this Agreement; (iii) the non-fulfillment of any of the conditions precedent set forth in Article X or Article XI; or (iv) the occurrence of a Material Adverse Change in respect of Leo.

### **7.4 Stock Exchange Listing**

Leo shall use all commercially reasonable efforts to obtain the approval of the CSE to the Acquisition and the listing of the Leo Shares.

### **7.5 Subco**

Leo, as sole shareholder of Subco, shall cause Subco to approve the Amalgamation.

## **ARTICLE VIII OTHER COVENANTS OF THE PARTIES**

### **8.1 Amalgamation**

On or before the Effective Date, Leo and GLC shall take all necessary steps to amalgamate GLC with Subco.

### **8.2 Consents and Notices**

Promptly after the date hereof and, if necessary, for a reasonable time after the Effective Date:

- (a) The Parties shall use all reasonable efforts, and the Parties shall cooperate with each other to obtain, all consents, waivers, approvals, and authorizations, in addition to those set forth in clause (b) below which may be necessary to effect the Amalgamation including, without limitation, obtaining those consents, waivers, approvals, and authorizations described in Section 4.2 hereof and Section 5.2 hereof and shall provide copies of such documents to the other Party.
- (b) Each of GLC, Leo and Subco will promptly execute and file, or join in the execution and filing of, any application or other document that may be necessary in order to obtain the authorization, approval or consent of any Governmental entity which may be reasonably required, or which any other Party may reasonably request in connection with the consummation of the transactions contemplated by this Agreement and shall provide copies of such documents to the other Party, including the CSE. Each of GLC, Leo and Subco will use reasonable efforts to obtain promptly all such authorizations, approvals and consents.

### **8.3 Circular and Meeting**

- (a) Each of GLC and Leo shall use all commercially reasonable efforts to prepare, as promptly as practicable after the date of this Agreement, the GLC Circular, if required,

and the Listing Statement and any other documents required under Canadian Securities Laws in connection with the GLC Meeting or listing of the Leo Shares issuable in connection with the Amalgamation on the CSE

- (b) GLC will solicit proxies to be voted at the GLC Meeting in favour of the Amalgamation.
- (c) As soon as practicable after the date hereof, GLC shall call and hold the GLC Meeting for the purposes of considering the Amalgamation (and for any other proper purpose as may be set out in the notice for such meeting and agreed to by the Parties acting reasonably or shall solicit the unanimous written consent of the GLC Shareholders for the Amalgamation.
- (d) The GLC Circular, if required, shall include, *inter alia*, the unanimous recommendation of the Board of Directors of GLC that its shareholders vote in favour of approval of the GLC Amalgamation Resolution.
- (e) GLC covenants that none of the information to be supplied by GLC for inclusion or incorporation by reference in the Listing Statement will at the time of filing with the CSE contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. If at any time prior to the Effective Time any event with respect to GLC, its officers and directors shall occur that is required to be described in the Listing Statement, GLC shall give prompt notice to Leo of such event.
- (f) GLC and Leo will each promptly notify the other if at any time before the Effective Time it becomes aware that the GLC Circular, the Listing Statement or any application filed with a Governmental entity, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or which is necessary to make the statements contained therein not misleading in light of the circumstances in which they were made, or that otherwise requires an amendment or supplement to the GLC Circular, Listing Statement or such application. In any such event, the Parties will cooperate in the preparation of a supplement or amendment to the GLC Circular, Listing Statement or such other application, as required and as the case may be, and, if required, will cause the same to be distributed to the GLC Shareholders and/or filed with the applicable Governmental entities, including the CSE.
- (g) GLC shall advise Leo immediately following the GLC Meeting of the number of GLC Shares, if any, for which GLC has received a notice of exercise of Dissent Rights in respect of the Amalgamation and provide Leo with copies of such notices.

#### **8.4 Defense of Proceedings**

Leo and Subco, on the one hand, and GLC, on the other hand, shall vigorously defend, or shall cause to be vigorously defended, any lawsuits or other legal proceedings brought against Leo, GLC, or their respective officers, directors or shareholders, challenging this Agreement or the completion of the Amalgamation, and the Parties shall cooperate with each other in all respects in such defense. Neither Leo, Subco nor GLC shall compromise or settle any claim brought in connection with the Amalgamation, without the prior written consent of the other Parties.

#### **8.5 Press Releases**



Before issuing any press release or otherwise making any public statements with respect to this Agreement or the Amalgamation, Leo and GLC shall consult with each other and shall undertake reasonable efforts to agree upon the terms of such press release, and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable Law or by obligations pursuant to any listing agreement with any stock exchange.

#### **8.6 Refrain from Certain Actions**

No Party shall take any action, refrain from taking any action (subject to commercially reasonable efforts) or permit any action to be taken or not taken, inconsistent with the provisions of this Agreement or which would or could reasonably be expected to materially impede the completion of the transactions contemplated hereby or which would or could reasonably be expected to have a Material Adverse Effect on such Party.

#### **8.7 Indemnity**

Each Party shall indemnify and hold harmless the other Parties hereto (and such other Parties' respective directors, officers and advisers) (collectively, the "**Non-Offending Persons**") from and against all claims, damages, liabilities, actions or demands to which the Non-Offending Persons may become subject insofar as such claims, damages, liabilities, actions or demands arise out of or are based upon the information supplied by a Party (other than the Non-Offending Persons) and contained in such other Party's Circular having contained a misrepresentation. Each Party hereto shall obtain and hold the rights and benefits of this Section 7.7 in trust for and on behalf of such Party's directors, officers and advisers.

#### **8.8 Confidentiality**

Until the earlier of two years following the Effective Date or the termination of this Agreement, all information discovered or acquired by each of the Parties or their Representatives (the "**Confidential Information**"), in any form whether written, electronic or verbal, as to financial condition, business, properties, title, assets and affairs (including any material contracts) as may reasonably be requested by the other Party, will be kept confidential by each Party hereto and not be utilized for any purpose except in connection with the Amalgamation, notwithstanding either the termination of this Agreement or its completion, other than information that:

- (a) was generally available to the public prior to the date of this agreement or has become, other than due to the default of the other Party, generally available to the public;
- (b) was available to a Party or its Representatives on a non-confidential basis before the date of this Agreement; or
- (c) has become available to a Party or its Representatives on a non-confidential basis from a Person who is not otherwise bound by confidentiality obligations to the provider of such information or otherwise prohibited from transmitting the information to the Party or its Representatives; or
- (d) a Party is legally required or compelled to disclose under applicable Law or in any governmental, administrative, or judicial process.

No Confidential Information may be released to third parties other than legal counsel and other advisors to the Parties without the prior consent of the provider thereof, except to the extent that

such Confidential Information is compelled to be released by legal process or must be released to regulatory bodies and/or included in public documents.

**ARTICLE IX  
CONDITIONS TO OBLIGATIONS OF LEO**

***9.1 Conditions Precedent to Completion of the  
Amalgamation***

The obligation of Leo and Subco to complete the Amalgamation is subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived by Leo and Subco:

- (a) The representations and warranties of GLC set forth in Article IV shall be true and correct, and the representations and warranties not so qualified shall be true and correct in all material respects as of the date of this Agreement and on the Effective Date as if made on the Effective Date, except for such representations and warranties made expressly as of a specified date which shall be true and correct in all material respects as of such date; and Leo shall have received a certificate signed on behalf of GLC by an executive officer thereof to such effect dated as of the Effective Date.
- (b) GLC shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by it prior to or on the Effective Date and Leo shall have received a certificate signed on behalf of GLC by an executive officer thereof to such effect dated as of the Effective Date.
- (c) There shall not have occurred any Material Adverse Change to GLC since the date of this Agreement.
- (d) The GLC Shareholders shall have approved the GLC Amalgamation Resolution at the GLC Meeting, if required.
- (e) Provided that Leo has complied with its covenants as set forth in Article III hereof, GLC shall have completed the PAP Transaction such that PAP shall become a wholly owned subsidiary of GLC.
- (f) Dissent Rights shall have been exercised in respect of no more than 10% of the issued and outstanding GLC Shares.
- (g) Leo having received an independent valuation of the business and assets of GLC, such valuation being satisfactory to Leo acting reasonably and to the CSE, if required.
- (h) Any GLC Shareholder required by the CSE or any Contract of GLC or Leo to enter into an escrow agreement in accordance with their rules and policies shall have entered into such escrow agreement.

**ARTICLE X**  
**CONDITIONS TO OBLIGATIONS OF GLC**

**10.1**    *Conditions Precedent to Completion of the Amalgamation*

The obligation of GLC to complete the Amalgamation is subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived by GLC:

- (a) The representations and warranties of Leo and Subco set forth in Article V shall be true and correct, and the representations and warranties not so qualified shall be true and correct in all material respects as of the date hereof and on the Effective Date as if made on the Effective Date, except for such representations and warranties made expressly as of a specified date which shall be true and correct in all material respects as of such date, and GLC shall have received certificates signed on behalf of Leo and Subco, respectively, by an executive officer thereof to such effect dated as of the Effective Date.
- (b) Leo and Subco shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Leo and Subco, respectively, prior to or on the Effective Date and GLC shall have received certificates signed on behalf of Leo and Subco, respectively, by an executive officer thereof to such effect dated as of the Effective Date.
- (c) There shall not have occurred any Material Adverse Change in Leo since the date of this Agreement.
- (d) Leo shall have approved the Subco Amalgamation Resolution prior to the Effective Date.
- (e) The Leo Shareholders shall have approved the Acquisition in the manner as may be required by the CSE or pursuant to Canadian Securities Laws.
- (f) The Leo Shares to be issued to the GLC Shareholders on the Effective Date shall be issued as fully paid and non-assessable shares in the capital of Leo, free and clear of all Encumbrances, including any securities resale restrictions, except those may be imposed pursuant to Canadian Securities Laws in relation to control block distributions or escrow restrictions imposed by the CSE or a Contract of GLC.

**ARTICLE XI**  
**MUTUAL CONDITIONS PRECEDENT**

**11.1**    *Mutual Conditions Precedent*

The obligations of Leo, Subco and GLC to complete the Amalgamation are subject to the satisfaction of the following conditions on or prior to the Effective Date, each of which may be waived only with the consent in writing of Leo, Subco and GLC:

- (a) All consents, waivers, permits, exemptions, orders and approvals required to permit the completion of the Amalgamation, the failure of which to obtain could reasonably be expected to have a Material Adverse Effect on GLC or Leo or materially impede the completion of the Amalgamation, shall have been obtained;

- (b) No temporary restraining order, preliminary injunction, permanent injunction or other order preventing the consummation of the Amalgamation shall have been issued by any federal, state, or provincial court having jurisdiction and remain in effect;
- (c) The approval of the Acquisition and any related transactions by the CSE.
- (d) The Leo Shares to be issued pursuant to the Amalgamation shall have been approved for listing on the CSE, subject to normal conditions on the Effective Date or as soon as practicable thereafter;
- (e) On the Effective Date, no cease trade order or similar restraining order of any other provincial securities administrator relating to the Leo Shares, the GLC Shares or the Amalco Shares shall be in effect;
- (f) There shall not be pending or threatened any suit, action or proceeding by any Governmental entity, before any court or governmental authority, agency or tribunal, domestic or foreign, that has a significant likelihood of success, seeking to restrain or prohibit the consummation of the Amalgamation or any of the other transactions contemplated by this Agreement or seeking to obtain from Leo, Subco or GLC any damages that are material in relation to Leo, Subco and GLC;
- (g) No inquiry or investigation (whether formal or informal) in relation to Leo or its proposed directors or officers, shall have been commenced or threatened by the CSE, any relevant securities commission or similar regulatory body having jurisdiction, such that the outcome of such inquiry or investigation could have a Material Adverse Effect on Leo after giving effect to the Acquisition; and

## **ARTICLE XII CLOSING**

### ***12.1 Closing***

The Closing shall take place at the offices of GLC's counsel, Armstrong Simpson, Suite 2080-777 Hornby Street, Vancouver, B.C., V6Z 1S4 at 10:00 a.m. (Vancouver time) on the Effective Date of or on such other date as GLC and Leo may agree.

### ***12.2 Termination of this Agreement***

This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval of the respective GLC Amalgamation Resolution and Subco Amalgamation Resolution or any other matters presented in connection with the Amalgamation:

- (a) By mutual written consent of Leo, Subco and GLC;
- (b) By a Party if a condition in its favour or a mutual condition is not satisfied by the Termination Date (or any earlier date by which such condition is required to be satisfied) except where such failure is the result of a breach of this Agreement by such Party;
- (c) By Leo or GLC if there has been a breach of any of the representations, warranties, covenants and agreements on the part of the other Party (the "**Breaching Party**") set forth in this Agreement, which breach has or is likely to result in the failure of the

conditions set forth in Section 9.1, 10.1 or 11.1, as the case may, be to be satisfied and in each case has not been cured within ten (10) Business Days following receipt by the Breaching Party of notice of such breach from the non-breaching Party (the “**Non-Breaching Party**”);

- (d) By any Party if any permanent order, decree, ruling or other action of a court or other competent authority restraining, enjoining or otherwise preventing the consummation of the Amalgamation shall have become final and non-appealable;
- (e) By Leo if the GLC Amalgamation Resolution is not approved by the GLC Shareholders;
- (f) By GLC if the Subco Amalgamation Resolution is not approved by Leo; or
- (g) by Leo or GLC if the Amalgamation is not completed by the Termination Date provided that the Party then seeking to terminate this Agreement is not then in default of any of its obligations hereunder.

### ***12.3 Survival of Representations and Warranties; Limitation***

The representations and warranties set forth in herein shall expire and be terminated on the earlier of the Effective Date or the termination of this Agreement.

## **ARTICLE XIII MISCELLANEOUS**

### ***13.1 Disclosure Letter***

The Disclosure Letter shall, for all purposes of this Agreement, form an integral part of it. The purpose of the Disclosure Letter is to set out the qualifications, exceptions and other information called for in this Agreement. The Parties acknowledge and agree that the Disclosure Letter and the information and disclosures contained in therein do not constitute or imply, and will not be construed as:

- (a) any representation, warranty, covenant or agreement which is not expressly set out in this Agreement;
- (b) an admission of any liability or obligation of a Party hereunder, except as expressly set out in this Agreement;
- (c) an admission that the information is material;
- (d) a standard of materiality, a standard for what is or is not in the ordinary course of business, or any other standard contrary to the standards contained in this Agreement; or
- (e) an expansion of the scope of effect of any of the representations, warranties and covenants set out in this Agreement.

The Disclosure Letter is confidential information and may not be disclosed unless: (i) it is required to be disclosed pursuant to applicable Law, unless such applicable Law permits the Parties to refrain from disclosing the information for confidentiality or other purposes, or (ii) a Party needs to disclose it in order to enforce or exercise its rights under this Agreement.

### ***13.2 Further Actions***

From time to time, as and when requested by any Party, the other Parties shall execute and deliver, and use all reasonable efforts to cause to be executed and delivered, such documents and instruments and shall take, or cause to be taken, such further or other actions as may be reasonably requested in order to:

- (a) carry out the intent and purposes of this Agreement;
- (b) effect the Amalgamation (or to evidence the foregoing); and
- (c) consummate and give effect to the other transactions, covenants and agreements contemplated by this Agreement.

### ***13.3 Expenses***

Except as otherwise provided herein, Leo shall be responsible for the payment of all of its costs and expenses and the costs and expenses of GLC incurred in connection with this Agreement and the Amalgamation.

### ***13.4 Entire Agreement***

This Agreement, which includes the Schedules hereto and the other documents, agreements, and instruments executed and delivered pursuant to or in connection with this Agreement, contains the entire Agreement between the Parties with respect to matters dealt within herein and, except as expressly provided herein, supersedes all prior arrangements or understandings with respect thereto, including the letter agreement dated May 8, 2017.

### ***13.5 Extended Meanings***

In this Agreement words importing the singular number only include the plural and vice versa, words importing any gender include all genders and words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and Governmental authorities. The term “including” means “including without limiting the generality of the foregoing” and the word “or” is not exclusive.

### ***13.6 Descriptive Headings***

The descriptive headings of this Agreement are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

### ***13.7 Statutory References***

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.

### ***13.8 Notices***

All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered personally or sent by electronic mail transmission, nationally recognized overnight courier, or registered or certified mail, postage prepaid, addressed as follows:

(a) If to Leo and Subco:

Suite 800-1199 West Hastings Street  
Vancouver, British Columbia  
V6E 3T5

Attention: Sam Chaudhry  
Email: REDACTED

(b) If to GLC:

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

Attention: Anthony Jackson  
Email: REDACTED

Any such notices or communications shall be deemed to have been received: (i) if delivered personally or sent by electronic mail transmission or nationally recognized overnight courier, on the date of such delivery; or (ii) if sent by registered or certified mail, on the third Business Day following the date on which such mailing was postmarked. Any Party may by notice change the address to which notices or other communications to it are to be delivered or mailed.

### ***13.9 Governing Law***

This Agreement shall be governed by and construed in accordance with the Laws of the Province of British Columbia and the federal laws of Canada applicable therein, but references to such laws shall not, by conflict of laws, rules or otherwise require application of the law of any jurisdiction other than the Province of British Columbia.

### ***13.10 Time of the Essence***

Time shall be of the essence of this Agreement. Dates shall be determined in accordance with the *Interpretation Act* (British Columbia).

### ***13.11 Enurement and Assignability***

This Agreement shall be binding upon and shall enure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns, provided that this Agreement shall not be assignable otherwise than by operation of law by either Party without the prior written consent of the other Parties, and any purported assignment by any Party without the prior written consent of the other Party shall be void.

### ***13.12 Remedies***

The Parties acknowledge that an award of money damages may be inadequate for any breach of the obligations undertaken by the Parties and that the Parties shall be entitled to seek equitable relief, in addition to remedies at law. In the event of any action to enforce the provisions of this Agreement, each of the Parties waive the defense that there is an adequate remedy at law. Without limiting any remedies any Party may otherwise have, in the event any Party refuses to perform its obligations under this

Agreement, the other Party shall have, in addition to any other remedy at law or in equity, the right to specific performance.

### ***13.13 Waivers and Amendments***

Any waiver of any term or condition of this Agreement, or any amendment or supplementation of this Agreement, shall be effective only if in writing. A waiver of any breach or failure to enforce any of the terms or conditions of this Agreement shall not in any way affect, limit, or waive a Party's rights hereunder at any time to enforce strict compliance thereafter with every term or condition of this Agreement.

### ***13.14 Illegalities***

In the event that any provision contained in this Agreement shall be determined to be invalid, illegal, or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and the remaining provisions of this Agreement shall not, at the election of the Party for whose benefit the provision exists, be in any way impaired.

### ***13.15 Currency***

Except as otherwise set forth herein, all references to amounts of money in this Agreement are to Canadian Dollars.

### ***13.16 Counterparts***

This Agreement may be executed in any number of counterparts by original or telefacsimile signature, each of which will be an original as regards any party whose signature appears thereon and all of which together will constitute one and the same instrument. This Agreement will become binding when one or more counterparts hereof, individually or taken together, bears the signatures of all the parties reflected hereon as signatories.

### ***13.17 Language***

At the request of the Parties this Agreement has been drafted in the English language.

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



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

**LEO RESOURCES INC.**

By: *Signed*

\_\_\_\_\_  
Name: Usama Chaudhry  
Title: CEO

**GREEN LIFE CLINIC LTD.**

By: *Signed*

\_\_\_\_\_  
Name: Anthony Jackson  
Title: CEO

**1125076 B.C. LTD.**

By: *Signed*

\_\_\_\_\_  
Name: Usama Chaudhry  
Title: Director

## SCHEDULE "A" - DEFINITIONS

**"Acquisition"** means the acquisition by Leo of GLC pursuant to the Amalgamation, including the acquisition of PAP through the completion by GLC of the PAP Transaction.

**"Advisors"** when used with respect to any Person, shall mean such Person's directors, officers, employees, representatives, agents, counsel, accountants, advisers, engineers, and consultants.

**"Affiliate"** shall have the meaning ascribed to such term in National Instrument 45-106 of the Canadian Securities Administrators.

**"Agreement"** means this Amalgamation Agreement, as it may be amended or supplemented at any time and from time to time after the date hereof.

**"Amalco"** means the corporation resulting from the amalgamation of Subco and GLC pursuant to the Amalgamation.

**"Amalco Shares"** means common shares in the capital of Amalco.

**"Amalgamation"** means an amalgamation under Part 9, Division 2 of the BCBCA, on the terms and subject to the conditions set out in this Agreement, subject to any amendments or variations thereto made in accordance with the provisions of this Agreement, and pursuant to which GLC Shareholders will receive Leo Shares on the basis of one Leo Share for each one GLC Share held and Leo will become the parent company of Amalco.

**"Amalgamation Application"** means the Form 13 Amalgamation Application attached hereto as Schedule "B", which is required to be filed with the Registrar in order to effect the Amalgamation under the BCBCA.

**"Associate"** shall have the meaning ascribed to such term in the *Securities Act* (British Columbia).

**"BCBCA"** means the *Business Corporations Act* (British Columbia) as amended from time to time, including the regulations promulgated thereunder.

**"Books and Records"** means all books of account, tax records, sales and purchase records, customer and supplier lists, computer software, formulae, business reports, plans and projections and all other documents, files, correspondence or any other documentation and information in any form whatsoever (including written, printed, electronic or computer printout form) relating to the business of a party and its subsidiaries;

**"Breaching Party"** shall have the meaning ascribed to such term in Section 11.2(c).

**"Business Day"** means any day other than a Saturday or Sunday or other day on which Canadian Chartered Banks located in the City of Vancouver are required or permitted to close.

**"Canadian Securities Laws"** means the *Securities Act* (British Columbia) (or equivalent legislation) in each of the Provinces of Canada and the respective regulations under such legislation together with applicable published rules, regulations, policy statements, national instruments and memoranda of understanding of the Canadian Provincial Securities Administrators and the securities regulatory authorities in such Provinces.

**"Certificate"** shall mean the Certificate of Amalgamation issued by the Registrar pursuant to Section 281 of the BCBCA.

**"Class A GLC Shares"** means the Class A shares in the capital of GLC.

“**Class B GLC Shares**” means the Class B shares in the capital of GLC.

“**Class C GLC Shares**” means the Class C shares in the capital of GLC.

“**Contaminants**” means any pollutant, contaminant or waste of any nature or any other substance or material regulated by or pursuant to any Environmental Laws, including, without limitation, any hazardous waste, hazardous substance, hazardous material, toxic substance, dangerous substance, dangerous good, or deleterious substance, as defined, judicially interpreted or identified in or for the purposes of any Environmental Laws.

“**Contract**” means all agreements, contracts, leases, deeds, mortgages, licences, instruments, notes, commitments, undertakings, indentures, joint ventures of any nature, written or oral, including (i) unfilled purchase orders, (ii) forward commitments for supplies or materials entered into the ordinary course of business, and (iii) restrictive agreements, negative covenant agreements, confidentiality agreement and invention assignment agreements with any employees, past or present.

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

“**Disclosure Letter**” means the disclosure letter executed by GLC and delivered to Leo in connection with the execution of this Agreement.

“**Dissent Rights**” shall have the meaning ascribed to such term in Section 2.1.

“**Effective Date**” shall have the meaning ascribed to such term in Section 1.2(d)(i).

“**Effective Time**” means 12:01 a.m. (Vancouver time) on the Effective Date.

“**Encumbrance**” means any encumbrance, lien, charge, hypothecation, pledge, mortgage, security interest of any nature (registered or unregistered), claim, exception, reservation, restrictions, right or pre-emption, option, privilege or any agreement to create any of the foregoing, and includes a royalty, profit interest, security interest under applicable legislation, trust or deemed trust (whether contractual, statutory or otherwise) and any voting trust or pooling agreement or shareholder agreement with respect to securities.

“**Employee Plans**” means all plans, arrangements, agreements, programs, policies or practices, whether oral or written, formal or informal, funded or unfunded, maintained for employees, including, without limitation:

- (a) any employee benefit plan or material fringe benefit plan;
- (b) any retirement savings plan, pension plan or compensation plan, including, without limitation, any defined benefit pension plan, defined contribution pension plan, group registered retirement savings plan or supplemental pension or retirement income plan;
- (c) any bonus, profit sharing, deferred compensation, incentive compensation, stock compensation, stock purchase, hospitalization, health, drug, dental, legal disability, insurance (including without limitation unemployment insurance), vacation pay, severance pay or other benefit plan, arrangement or practice with respect to employees or former employees, individuals working on contract, or other individuals providing services of a kind normally provided by employees; and

- (d) where applicable, all statutory plans, including, without limitation, the Canada or Québec Pension Plans.

**“Environmental Laws”** means all applicable Laws, including agreements with Governmental Entities, relating to pollution or employee and public health and safety, the environment (including air, surface water, ground water, land surface or otherwise) or wildlife, including laws relating to the release or threatened release of any Contaminants or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Contaminants, as such Laws are amended and in effect as of the date hereof.

**“GLC”** means Green Life Clinics Ltd., a corporation incorporated under the laws of British Columbia.

**“GLC Amalgamation Resolution”** means the unanimous or special resolution of the holders of GLC Shares approving the Amalgamation.

**“GLC Circular”** means the management information circular and related materials of GLC to be provided to the GLC Shareholders in respect of the Amalgamation Resolution, and the other matters (if any) to be considered at the GLC Meeting, including documents of GLC incorporated therein by reference and available on SEDAR.

**“GLC Dissenting Shareholder”** means a registered GLC Shareholder who dissents in respect of the Amalgamation Resolution in strict compliance with the Dissent Rights.

**“GLC Meeting”** means a special meeting of the shareholders of GLC to be held to approve, *inter alia*, the Amalgamation and any and all adjournments or postponements of such meeting.

**“GLC Shareholders”** means the holders of the issued and outstanding GLC Shares.

**“GLC Shares”** means collectively, the Class A GLC Shares, the Class B GLC Shares and the Class C GLC Shares, which GLC is authorized to issue.

**“GLC Subsidiaries”** mean MCRCI Medicinal Cannabis Resources Inc., a corporation incorporated under the laws of British Columbia and a wholly owned subsidiary of GLC, together with its wholly owned subsidiary, CRX Cannabisrx Laboratories Inc., a company incorporated under the law of British Columbia.

**“Government”** means:

- (a) the government of Canada, or any foreign country;
- (b) the government of any Province, county, municipality, city, town, or district of Canada, or any foreign country;
- (c) any ministry, agency, department, authority, commission or securities commission, administration, corporation, bank, court, magistrate, tribunal, arbitrator, instrumentality, or political subdivision of, or within the geographical jurisdiction of, any government described in the foregoing clauses (a) and (b); and
- (d) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, including any stock exchanges.

**“Governmental”** means pertaining to any Government.

“**IFRS**” means the International Financial Reporting Standards.

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

“**Law**” means any of the following of, or issued by, any Government, in effect on or prior to the date hereof, including any amendment, modification or supplementation of any of the following from time to time subsequent to the original enactment, adoption, issuance, announcement, promulgation or granting thereof and prior to the date hereof: any statute, law, act, ordinance, code, rule or regulation of any writ, injunction, award, decree, judgment or order.

“**Leo**” means Leo Resources Inc., a corporation incorporated pursuant to the laws of British Columbia.

“**Leo Securities Documents**” shall have the meaning ascribed to such term in Section 5.4(a).

“**Leo Shareholders**” means the holders of Leo Shares.

“**Leo Shares**” means the common shares which Leo is authorized to issue.

“**liability**” of any Person means and include:

- (a) any right against such Person to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured;
- (b) any right against such Person to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to any equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured; and
- (c) any obligation of such Person for the performance of any covenant or agreement (whether for the payment of money or otherwise).

“**Listing Statement**” means the Form 2A Listing Statement of Leo to be completed and filed with the CSE and on SEDAR in association with the Acquisition pursuant to the policies of the CSE.

“**Material Adverse Change**” or “**Material Adverse Effect**” means, with respect to either Party any change, effect, event, occurrence, condition or development that when considered either individually or in the aggregate is material and adverse to the business, operations, results of operations, capitalization assets, liabilities or financial condition of a Party taken as a whole or their assets. The foregoing shall not include any change or effects attributable to: (i) changes relating to general economic, political or financial conditions; (ii) relating to the state of securities or commodities markets in general; (iii) changes affecting the industry in which a Party operates in general which does not have a materially disproportionate effect on the Party; (iv) the announcement of the Amalgamation and the transactions contemplated by it, or (v) any act or omission of a Party prior to the Effective Date taken with the prior consent of or at the request of the other Parties.

“**Material Contract**” means each Contract to which GLC, GLC Subsidiary or Leo, as applicable, is a party or to which any of its properties, assets or rights is bound:

- (a) creating or that may lead to the creation of a joint venture, partnership, co-ownership or similar arrangement;
- (b) with one or more of its shareholders, or as a shareholder of another Person, or relating to the voting of securities;

- (c) relating to the acquisition or disposition of any business or operations or, other than in the ordinary course of business, any material amount of assets or liabilities (whether by merger, sale of stock, sale of assets, outsourcing or otherwise);
- (d) with a director, officer, shareholder or Person not dealing at arm's length with a Party, including any employment agreement, severance agreement, retention agreement, change of control agreement, consulting agreement or similar agreement (i) that is with any director or executive officer or (ii) that is not terminable at will upon 30 days' or less notice;
- (e) relating to any indenture, mortgage, promissory note, loan agreement, guarantee, sale and leaseback agreement, capitalized lease or other agreement or commitment for the borrowing of money or the deferred purchase price of property (in either case, whether incurred, assumed, guaranteed or secured by any asset);
- (f) any distributor, sales, advertising, agency or manufacturer's representative Contract;
- (g) any continuing Contract for the purchase of materials, supplies, equipment or services involving in the case of any such Contract more than \$50,000 over the life of the Contract;
- (h) any Contract that expires or may be renewed at the option of any Person other than GLC, GLC Subsidiary or Leo, so as to expire more than one year after the date of this Agreement
- (i) with any Governmental authority;
- (j) containing change-of-control provisions;
- (k) containing express non-competition or non-solicitation covenants that limit or purport to limit the freedom of a Party to compete in any line of business or with any Person or in any area, or to solicit the business of any Person or category of Persons;
- (l) giving an indemnity to any Person, other than an agreement in the ordinary course of business; or
- (m) not entered into in the ordinary course of business (other than those which are cancellable without penalty within 30 days and have no ongoing liabilities or obligations after termination);

**“Non-Breaching Party”** shall have the meaning ascribed to such term in Section 12.2(c).

**“Non-Offending Persons”** shall have the meaning ascribed to such term in Section 8.7.

**“PAP”** means Patient Access Pavilions Ltd., a company incorporated pursuant to the laws of the Province of British Columbia.

**“PAP Agreement”** means the letter agreement dated May 15, 2017 between GLC and PAP in respect of the PAP Transaction and any more formalized version of such letter agreement which may supersede same.

**“PAP Transaction”** means the proposed acquisition by GLC of all of the issued and outstanding securities of PAP pursuant to the PAP Agreement for aggregate consideration of \$2,000,000 payable in cash and the issuance of 5,000,000 GLC Shares.

**“Parties”** and **“Party”** means the parties to this Agreement.

**“penalty”** means any civil or criminal penalty (including any interest thereon), fine, levy, lien, assessment, charge, monetary sanction or payment, or any payment in the nature thereof, of any kind, required to be made to any Government under any Law.

**“Person”** means any corporation, partnership, limited liability company or partnership, joint venture, trust, unincorporated association or organization, business, enterprise or other entity; any individual; and any Government.

**“Registrar”** means the Registrar of Companies appointed pursuant to Section 400 of the BCBCA.

**“Representative”** means, as to any person, such person’s subsidiaries and Affiliates and its and their directors, officers, employees, agents and Advisors.

**“Subco”** means 1125076 B.C. Ltd., a wholly-owned subsidiary of Leo, created for the purpose of effecting the Amalgamation.

**“Subco Amalgamation Resolution”** means the shareholder resolution of Leo, as sole shareholder of Subco, approving the Amalgamation.

**“subsidiary”** means, with respect to a specified corporation, any corporation of which more than fifty per cent (50%) of the outstanding shares ordinarily entitled to elect a majority of the Board of Directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified corporation, and shall include any corporation in like relation to a subsidiary.

**“Tax”** includes any taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Entity, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping duties, all license, franchise and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions.

**“Tax Return”** includes all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed by law in respect of Taxes.

**“Termination Date”** means October 31, 2017.

**“U.S. Person”** mean “U.S. person” as that term is defined in Rule 902(k) of Regulation S under the U.S. Securities Act.

**“U.S. Securities Act”** means the United States *Securities Act of 1933*, as amended.

**SCHEDULE "B" - AMALGAMATION APPLICATION**

Follows on the next page.