

Execution Copy

AMALGAMATION AGREEMENT

Among

CARRARA EXPLORATION CORP.

And

1110607 B.C. LTD.

And

PREVECEUTICAL MEDICAL INC.

Made as of March 21, 2017

AMALGAMATION AGREEMENT

THIS AGREEMENT is made as of the 21st day of March, 2017,

AMONG:

CARRARA EXPLORATION CORP., a corporation existing under the laws of the Province of British Columbia, with an office at Suite 200, 551 Howe Street, Vancouver, British Columbia, V6C 2C2
("**Carrara**")

AND:

1110607 B.C. LTD., a corporation existing under the laws of the Province of British Columbia, with an office at Suite 200, 551 Howe Street, Vancouver, British Columbia, V6C 2C2
("**Subco**")

AND:

PREVECEUTICAL MEDICAL INC., a corporation existing under the laws of the Province of British Columbia, with an office at 5347 Kew Cliff Road, West Vancouver, British Columbia, V7W 1M3
("**PMI**")

WHEREAS:

- A. PMI is a private British Columbia health and wellness company focused on utilizing nature and science for the benefit of health conscious consumers and that markets nutraceutical products to such consumers;
- B. Carrara is a reporting issuer (as defined in the Securities Act) in the Provinces of British Columbia, Alberta and Ontario and has its common shares listed for trading on the Canadian Securities Exchange;
- C. Subco is a wholly-owned subsidiary of Carrara;
- D. Carrara and PMI have entered into a letter of intent made as of February 16, 2017 that sets out the parties' mutual understanding of the basic terms by which Carrara shall acquire all of the issued and outstanding shares of PMI, by way of share exchange or amalgamation;
- E. Carrara, PMI and Subco propose a business combination whereby PMI and Subco shall amalgamate by way of a "three-cornered amalgamation" (the "**Amalgamation**") under the BCBCA (as defined herein) upon the terms and subject to the conditions herein set forth and continue as one corporation ("**Amalco**"), which shall be a wholly-owned

subsidiary of Carrara;

- F. Carrara proposes to issue Carrara Shares (as defined herein) to the PMI Shareholders (as defined herein) as hereinafter provided in connection with the Amalgamation; and

The holders of PMI options and warrants shall be able to exercise their securities for Carrara Shares after the completion of the Amalgamation in accordance with the terms and conditions hereof and the terms for such securities. NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties covenant and agree as follows:

ARTICLE 1 DEFINITIONS, INTERPRETATION AND SCHEDULES

1.1 **Definitions.** In this Agreement, the following terms shall have the meanings ascribed to them below, unless the context indicates otherwise:

- (a) "**1933 Act**" means the *United States Securities Act of 1933*;
- (b) "**affiliate**" has the meaning ascribed thereto under the BCBCA;
- (c) "**Agreement**" means this amalgamation agreement and all the exhibits, schedules and other documents attached to or referred to in this Agreement, and all amendments and supplements, if any, to this Agreement;
- (d) "**Amalco**" means the amalgamated corporation following the Effective Time created by the Amalgamation;
- (e) "**Amalco Common Shares**" means the authorized common shares without par value in the capital of Amalco;
- (f) "**Amalgamation**" means a "three-cornered amalgamation" involving Carrara, Subco and PMI whereby (i) PMI and Subco shall be amalgamated under the provisions of Division 3 of Part 9 of the BCBCA; and (ii) on completion of the Amalgamation, former PMI securityholders shall receive securities of Carrara, resulting in a reverse take-over of Carrara by PMI;
- (g) "**Amalgamation Application**" means the amalgamation application as contemplated by the BCBCA and in substantially the form set out in Schedule "J";
- (h) "**Applicable Laws**" means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, Order, or other similar requirement enacted, adopted, promulgated or applied by a Governmental Entity, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, including all applicable corporate and securities laws, all policies, and rules of applicable stock exchanges and the regulations, rules, administrative policy statements, instruments, blanket orders, notices, directions and rulings issued or adopted by the Securities Authorities, all as amended or

replaced from time to time;

- (i) "**BCBCA**" means the *Business Corporations Act* (British Columbia);
- (j) "**Bridge Loan**" has the meaning ascribed thereto in Section 2.1;
- (k) "**Business Day**" means a day, other than a Saturday, Sunday or a statutory holiday in the Province of British Columbia, on which the principal commercial banks located in the City of Vancouver, British Columbia are open for business;
- (l) "**Carrara**" means Carrara Exploration Corp., a corporation existing under the laws of the Province of British Columbia;
- (m) "**Carrara Accounting Date**" has the meaning ascribed thereto in Section 5.17;
- (n) "**Carrara Agent's Options**" means the common share agent's options issued to Haywood Securities Inc., and certain designees of Haywood Securities Inc. in connection with the initial public offering of the Carrara Shares on December 21, 2016;
- (o) "**Carrara Documents**" has the meaning ascribed thereto in Section 5.3(a);
- (p) "**Carrara Financial Statements**" has the meaning ascribed thereto in Section 5.17;
- (q) "**Carrara Financing**" means a non-brokered private placement by Carrara of units (in this paragraph (q), the "**Units**") at \$0.50 per Unit for gross proceeds of at least \$1 million to up to \$5 million to investors introduced to Carrara by PMI from whom Carrara may accept subscriptions but is under no obligation to do so in reliance on the prospectus exemptions set out in NI 45-106, with each Unit consisting of one Carrara Share and one transferrable common share purchase warrant, with each warrant entitling the holder to purchase one Carrara Share at the exercise price of \$1.00 per Carrara Share for a period of 12 months after the date of issuance of the Unit; provided that, if the closing price of the Carrara Shares on the CSE is at least \$1.50 or more per share for 10 consecutive Business Days, then Carrara shall have the option of accelerating the expiration date for the exercise of said warrants by giving at least 14 Business Days' written notice to the holders thereof prior to the date of such accelerated expiration. The Parties acknowledge and agree that (i) the gross subscription proceeds from the Carrara Financing shall be held in escrow and not released until Closing and the Carrara Shares being listed on the CSE on the terms contained herein; and (ii) Carrara may pay finder's fees of up to 8% to any finder of the aggregate gross proceeds of the Carrara Financing raised by such finder, which finder's fees shall be payable by Carrara, in its discretion, in cash, Units or a combination of cash and Units;
- (r) "**Carrara Meeting**" means the annual and special meeting of the Carrara Shareholders, and any adjournments thereof, to consider annual matters and, if determined advisable, to approve the Carrara RTO Resolution;
- (s) "**Carrara Options**" means common share incentive stock options issued under

Carrara's 2016 stock option plan, each entitling the holder to one Carrara Share;

- (t) "**Carrara Public Record**" has the meaning ascribed thereto in Section 5.16;
- (u) "**Carrara Shareholder**" means a holder of Carrara Shares;
- (v) "**Carrara Shares**" means the authorized common shares without par value in the capital of Carrara, as presently constituted and after giving effect to the Share Consolidation;
- (w) "**Carrara RTO Resolution**" means the special resolution of the Carrara Shareholders to be considered at the Carrara Meeting approving the Amalgamation, in substantially the form set out in Schedule "I";
- (x) "**Carrara Warrants**" means common share purchase warrants of Carrara, each entitling the holder to purchase one Carrara Share;
- (y) "**Certificate of Amalgamation**" means the certificate to be issued by the Registrar pursuant to Section 281(a) of the BCBCA giving effect to the Amalgamation;
- (z) "**Closing**" means the completion of the transactions contemplated hereby;
- (aa) "**Contract**" means any note, mortgage, indenture, non-governmental permit or license, franchise, lease or other contract, agreement, commitment or arrangement binding upon any of the Parties, as the case may be;
- (bb) "**Copyrights**" has the meaning ascribed thereto in Section 4.22(a)(iv);
- (cc) "**CSE**" means the Canadian Securities Exchange;
- (dd) "**Depository**" means Equity Financial Trust Company;
- (ee) "**Dissent Rights**" means the rights of dissent in respect of the Carrara RTO Resolution and the PMI Amalgamation Resolution provided pursuant to Section 238 of the BCBCA;
- (ff) "**Dissenting PMI Shareholder**" means a registered PMI Shareholder who, in connection with the PMI Amalgamation Resolution, has sent to PMI a written objection and a demand for payment within the time limits and in the manner prescribed by Section 238 of the BCBCA with respect to such shareholder's PMI Shares;
- (gg) "**Effective Date**" means the effective date indicated upon the Certificate of Amalgamation;
- (hh) "**Effective Time**" means the effective time indicated upon the Certificate of Amalgamation;
- (ii) "**Encumbrance**" means any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third person interest or encumbrance of

any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;

- (jj) "**Environmental Approvals**" means all permits, certificates, licences, authorizations, consents, instructions, registrations, directions or approvals issued or required by any Governmental Entity pursuant to any Environmental Laws;
- (kk) "**Environmental Laws**" means all applicable laws with respect to environmental protection or regulating activities, operations or hazardous materials, in particular with respect to mining activities, or which regulate or provide for liabilities with respect to same, as such applicable laws existed from time to time up to the date of Closing, and includes Environmental Approvals;
- (ll) "**Escrow Agent**" means Computershare Investor Services Inc. of Vancouver, British Columbia, Canada, which shall hold the Escrowed Securities in escrow in accordance with the terms of the Escrow Agreement;
- (mm) "**Escrow Agreement**" means the escrow agreement in the form prescribed by CSE Policy 2 – *Qualification for Listing* to be entered into among the Escrow Agent, Carrara and certain PMI Shareholders, who after Closing and at the time of the application by Carrara for the Listing, shall be Related Persons of Carrara, pursuant to which the Escrow Agent shall hold the Escrowed Securities in escrow following the Closing and release such Escrowed Securities in accordance with the release schedule set forth therein;
- (nn) "**Escrowed Securities**" means the Carrara Shares issued by Carrara to certain PMI Shareholders, all of which shall be transferred to the Escrow Agent and held in escrow and released thereafter in accordance with the terms of the Escrow Agreement;
- (oo) "**Exchange Ratio**" means one (1) Carrara Share exchanged for each one (1) PMI Share;
- (pp) "**Governmental Entity**" means any applicable: (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (ii) subdivision, agent, commission, board or authority of any of the foregoing; (iii) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (iv) stock exchange, including the CSE;
- (qq) "**IFRS**" means International Financial Reporting Standards, as adopted by the International Accounting Standards Board, applied in a manner consistent with prior periods;
- (rr) "**Information Circular**" means the joint information circular to be provided to the Carrara Shareholders, in respect of the Carrara RTO Resolution, and the PMI Shareholders, in respect of the PMI Amalgamation Resolution, and the other

matters to be considered at the Carrara Meeting and the PMI Meeting, respectively, and all amendments and supplements thereto, if any;

- (ss) "**Intellectual Property Assets**" has the meaning ascribed thereto in Section 4.22(a);
- (tt) "**Letters of Transmittal**" means the letter of transmittal of PMI to be utilized by the PMI Shareholders;
- (uu) "**Liabilities**" includes any direct or indirect indebtedness, guaranty, endorsement, claim, loss, damage, deficiency, cost, expense, obligation or responsibility, fixed or unfixed, known or unknown, asserted choate or inchoate, liquidated or unliquidated, secured or unsecured;
- (vv) "**Listing**" means the listing of the Carrara Shares and the Carrara Shares issuable upon exercise of any options or warrants exchangeable for same on the CSE concurrent with the Closing;
- (ww) "**Loss**" means any and all loss, Liability, damage, cost or expense actually suffered or incurred by a Party, including, the costs and expenses of all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, Orders, dues, penalties, fines, amounts paid in settlement or compromise, including court costs and reasonable legal fees and expenses, but excluding any indirect, consequential or punitive damages suffered by any Party, including damages for lost profits or lost business opportunities;
- (xx) "**Marks**" has the meaning ascribed thereto in Section 4.22(a)(ii);
- (yy) "**Material Adverse Change**" means any one or more changes, effects, events, occurrences or states of facts that, either individually or in the aggregate, have, or would reasonably be expected to have, a Material Adverse Effect on the applicable Party on a consolidated basis;
- (zz) "**Material Adverse Effect**" means any change, effect, event, occurrence or state of facts that, individually or in the aggregate, with other such changes, effects, events, occurrences or states of facts, is or would reasonably be expected to be material and adverse to the business, properties, operations, results of operations or financial condition of the applicable Party on a consolidated basis, except any change, effect, event, occurrence or state of facts resulting from or relating to:
 - (i) the announcement of the execution of this Agreement or the transactions contemplated hereby or the performance of any obligation hereunder or communication by the applicable Party of its plans or intentions with respect to the other Parties regarding the foregoing;
 - (ii) changes in the United States and Canadian economies in general or the United States and Canadian capital or currency markets in general;
 - (iii) the threat, commencement, occurrence or continuation of any war, armed hostilities, acts of environmental groups, civil strife, or acts of terrorism;

- (iv) any change in Applicable Laws or in the interpretation thereof by any Governmental Entity;
- (v) any natural disaster;
- (vi) any change in general market conditions in the biotechnology, nutraceutical or pharmaceutical industry, including prices or fluctuations in demand; or
- (vii) any change relating to foreign currency exchange rates,

provided that, in the case of any changes referred to in clauses (ii) to (vii) above, inclusive, such changes do not have a materially disproportionate effect on the applicable Party relative to comparable companies;

(aaa) "**Material Contracts**" means, in respect of a Party, all Contracts or other obligations or rights (and all amendments, modifications and supplements thereto and all side letters to which the Party is a party and which affect the obligations of any party thereunder) to or by which the Party's business, properties or assets are bound that are material to its respective business, properties or assets, including all:

- (i) employment, severance, personal services, consulting, non-competition or indemnification contracts, including any Contract to which the Party is a party involving employees;
- (ii) Contracts granting a right of first refusal or first negotiation;
- (iii) Contracts pursuant to which the Party is obliged to issue its securities to any person except as contemplated by this Agreement;
- (iv) partnership or joint venture agreements;
- (v) Contracts for the acquisition, sale or lease of material properties or assets of the Party by purchase or sale of assets or stock or otherwise;
- (vi) Contracts with any Governmental Entity;
- (vii) loan or credit agreements, mortgages, indentures or other Contracts or instruments evidencing indebtedness for borrowed money by the Party or any such agreement or Contract pursuant to which indebtedness for borrowed money may be incurred;
- (viii) Contracts that purport to limit, curtail or restrict the ability of the Party to compete or acquire property, including any real property, in any geographic area or line of business;
- (ix) commitments and agreements to enter into any of the foregoing; and
- (x) all Contracts that provide for annual payments to or from the Party in excess of \$5,000 per annum;

- (bbb) "**NI 45-106**" means National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators;
- (ccc) "**Order**" means any order, decision, determination, judgment, ruling, injunction, decree, award or writ of any court, arbitrator or Governmental Entity, or other person who is authorized to make legally binding determinations;
- (ddd) "**Party**" shall mean, as the context requires, Carrara, Subco and PMI, and "**Parties**" shall mean all of them;
- (eee) "**Patents**" has the meaning ascribed thereto in Section 4.22(a)(iii);
- (fff) "**person**" means any individual, firm, partnership, joint venture, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;
- (ggg) "**PMI**" means PreveCeutical Medical Inc., a corporation existing under the laws of the Province of British Columbia;
- (hhh) "**PMI Accounting Date**" means December 31, 2015;
- (iii) "**PMI Amalgamation Resolution**" means the special resolution of the PMI Shareholders to be considered at the PMI Meeting approving the Amalgamation, in substantially the form set out in Schedule "H";
- (jjj) "**PMI Documents**" has the meaning ascribed thereto in Section 4.3(a);
- (kkk) "**PMI Financing**" means a private placement by PMI of units (in this paragraph (kkk), the "**Units**") at \$0.50 per Unit for gross proceeds of up to \$0.5 million, with each Unit consisting of one PMI Share and one transferrable common share purchase warrant (each, a "**PMI Warrant**"), with each PMI Warrant entitling the holder to purchase one PMI Share at the exercise price of \$1.00 per PMI Share for a period of 12 months after the date of issuance of the Unit; provided that after Closing, if the closing price of the Carrara Shares for which the PMI Shares are exchanged for on any national stock exchange in Canada that the Carrara Shares are listed for trading during the term of the PMI Warrant is at least \$1.50 or more per share for 10 consecutive Business Days, then Carrara shall have the option of accelerating the expiration date for the exercise of said warrants by giving at least 14 Business Days' written notice to the warrant holders prior to the date of such accelerated expiration. The Parties acknowledge and agree that PMI, in its discretion, may pay finder's fees to any finder of up to 8% of the aggregate gross proceeds of the PMI Financing raised by any such finder, which finder's fees shall be payable by PMI, in its discretion, in cash, Units or a combination of cash and Units;
- (lll) "**PMI Financial Statements**" means the consolidated audited balance sheets for PMI for the fiscal year ended December 31, 2015, and for the nine month period ended September 30, 2016, together with related statements of income, cash flows, and changes in shareholder's equity for such fiscal years and stub periods,

together with the auditor's reports thereon;

- (mmm) "**PMI Meeting**" means the special meeting of PMI Shareholders, and any adjournments thereof, to consider and, if determined advisable, to approve the PMI Amalgamation Resolution;
- (nnn) "**PMI Options**" means common share incentive stock options issued under PMI's 2016 stock option plan, each entitling the holder to one PMI Share;
- (ooo) "**PMI Shareholder**" means a holder of PMI Shares;
- (ppp) "**PMI Shares**" means the authorized Class A common shares without par value in the capital of PMI, as presently constituted;
- (qqq) "**PMI Warrants**" has the meaning ascribed thereto in Section 1.1(kkk);
- (rrr) "**Qualifying Jurisdictions**" has the meaning ascribed thereto in Section 5.5;
- (sss) "**Registrar**" means the Registrar of Companies appointed pursuant to Section 400 of the BCBCA;
- (ttt) "**Regulation S**" means Regulation S promulgated under the 1933 Act;
- (uuu) "**Related Person**" has the meaning ascribed thereto in CSE Policy 1 – *Interpretation and General Provisions*;
- (vvv) "**Securities Act**" means the *Securities Act* (British Columbia);
- (www) "**Securities Authorities**" means any provincial, state, territorial or federal securities commission or other securities regulatory authority in Canada or the United States;
- (xxx) "**Share Consolidation**" means a consolidation of Carrara's issued and outstanding common shares at the rate of three (3) existing Carrara Shares for one (1) new Carrara Share, together with a corresponding and equal consolidation of the issued and outstanding Carrara Options and the Carrara Agent's Options, in accordance with the terms and conditions of such options and warrants;
- (yyy) "**Subco**" means 1110607 B.C. Ltd., a corporation existing under the laws of the Province of British Columbia and which is a wholly-owned subsidiary of Carrara;
- (zzz) "**Subco Common Shares**" means the authorized common shares without par value in the capital of Subco, as presently constituted;
- (aaaa) "**Subco Documents**" has the meaning ascribed thereto in Section 6.3(a);
- (bbbb) "**subsidiary**" has the meaning ascribed thereto in Section 2(2) of the BCBCA;
- (cccc) "**Taxes**" includes international, federal, state, provincial and local income taxes, capital gains taxes, value-added taxes, franchise, personal property and real property taxes, levies, assessments, tariffs, duties (including any customs duties),

business licenses or other fees, sales, uses and any other taxes relating to the assets of the designated Party or the business of the designated Party for all periods up to and including the Effective Date, together with any related charge or amount, including interest, fines, penalties and additions to tax, if any, arising out of tax assessments;

- (dddd) "**Tax Act**" means the *Income Tax Act* (Canada);
- (eeee) "**Tax Returns**" means all returns, schedules, elections, declarations, reports, information returns, notices, forms, statements and other documents made, prepared or filed with any taxing authority or required to be made, prepared or filed with any taxing authority relating to Taxes;
- (ffff) "**Termination Date**" has the meaning ascribed thereto in Section 10.1;
- (gggg) "**Trade Secrets**" has the meaning ascribed thereto in Section 4.22(a)(v);
- (hhhh) "**United States**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
- (iiii) "**U.S. Accredited Investor**" means an "accredited investor" as defined in Rule 501(a) of Regulation D under the 1933 Act; and
- (jjjj) "**U.S. Person**" means a "U.S. person" as that term is defined in Regulation S. Without limiting the foregoing, but for greater clarity in this Agreement, a U.S. Person includes, subject to the exclusions set forth in Regulation S, (i) any natural person resident in the United States; (ii) any partnership or corporation organized or incorporated under the laws of the United States; (iii) any estate or trust of which any executor, administrator or trustee is a U.S. Person; (iv) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and (v) any partnership or corporation organized or incorporated under the laws of any non U.S. jurisdiction which is formed by a U.S. Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organized or incorporated, and owned, by "accredited investors" (as defined in Rule 501(a) of Regulation D under the 1933 Act) who are not natural persons, estates or trusts.

1.2 Interpretation not Affected by Headings. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to the Articles and Sections of this Agreement.

1.3 Extended Meanings. In this Agreement words importing the singular number shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

1.4 Rules of Construction. In this Agreement:

- (a) The word "or" is not exclusive and the word "including" is not limiting (whether or not non-limiting language, such as "without limitation" or "but not limited to" or words of similar import are used with reference to that term).
- (b) The rule of construction that, in the event of ambiguity, the contract shall be interpreted against the Party responsible for the drafting or preparation of the Agreement, shall not apply.

1.5 Knowledge. When used in this Agreement, the expression "to his knowledge" or "knowledge of" in relation to the representations and warranties of the Parties means to the knowledge of the person making such representation and warranty after due and commercially reasonable enquiry.

1.6 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 rule and regulations made thereunder.

1.7 Date for any Action. If the last or appointed day for the taking of any action required or the expiration of any rights granted herein shall not be a Business Day, then such action may be taken or such right shall be deemed to expire on the next succeeding day that is a Business Day.

1.8 Currency. All references to "\$" or "dollars" herein are to the lawful money of Canada, unless expressly stated otherwise.

1.9 Schedules. The following schedules are attached to, and are deemed to be incorporated into and form part of, this Agreement:

- Schedule "A" – PMI Directors, Officers, Employees and Consultants
- Schedule "B" – Carrara Directors, Officers, Employees and Consultants
- Schedule "C" – PMI Liabilities, Leases, Subleases, Claims, Capital Expenditures, Taxes and Other Property Interests
- Schedule "D" – PMI Assets - Personal and Intellectual Property
- Schedule "E" – PMI Material Contracts
- Schedule "F" – Carrara Material Contracts
- Schedule "G" – Articles of Amalco
- Schedule "H" – PMI Amalgamation Resolution
- Schedule "I" – Carrara RTO Resolution
- Schedule "J" – Amalgamation Application
- Schedule "K" – U.S. Accredited Investor Certificate

**ARTICLE 2
BRIDGE LOAN**

2.1 Bridge Loan. Carrara acknowledges receipt of a loan in the amount of \$30,000 (the "**Bridge Loan**") received from Stephen Van Deventer, the Chief Executive Officer and a director

of PMI, which Bridge Loan has been paid to Carrara's solicitors, Lotz & Company, in trust on, and in consideration for, the following terms, conditions and covenants of Carrara:

- (a) Carrara shall only use the Bridge Loan or any part thereof for the payment of legal fees (and the taxes and disbursements associated therewith) that Carrara shall incur in connection with the transactions contemplated by this Agreement;
- (b) Carrara shall provide to Mr. Van Deventer, as soon as practicable after his request, any receipts and details with respect to expenditures made by Carrara from the Bridge Loan proceeds;
- (c) upon completion of the Amalgamation, Carrara shall fully repay the Bridge Loan back to Mr. Van Deventer without any set-off or other deductions;
- (d) in the event that the Closing does not occur as contemplated by this Agreement as a direct result of the material breach by either of PMI of any of its covenants in this Agreement, then:
 - (i) Carrara shall return to Mr. Van Deventer any remaining amount of the Bridge Loan that has not yet been applied to the payment of, or is not yet otherwise payable in connection with, legal fees incurred up to the date of the termination of this Agreement; and
 - (ii) Carrara and PMI acknowledge and agree that the amount of the Bridge Loan that was applied to the payment of legal fees incurred up to the date of such termination shall be irrevocably extinguished and forgiven without any further actions by the Parties, all without prejudice to any and all rights, remedies, claims and positions Carrara may have against PMI, all of which are expressly reserved; and
- (e) in the event that the Closing does not occur as contemplated by this Agreement for any reason other than as a direct result of the material breach by PMI of any of its covenants in this Agreement, then Carrara shall:
 - (i) return to Mr. Van Deventer any remaining amount of the Bridge Loan that has not yet been applied to the payment of, or is not yet otherwise payable in connection with, legal fees incurred up to the date of the termination of this Agreement; and
 - (ii) convert the amount of the Bridge Loan that was applied to the payment of legal fees incurred up to the date of such termination into common shares of Carrara at a price per common share that is equal to the last closing price of the common shares on the CSE.

ARTICLE 3 AMALGAMATION

3.1 General. Subject to the terms and conditions of this Agreement, each of the Parties hereto agrees to use its commercially reasonable efforts prior to the Effective Date to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or advisable to

complete the transactions contemplated by this Agreement and the Amalgamation.

3.2 Amalgamation Steps.

- (a) As soon as reasonably practicable following the execution and delivery of this Agreement:
 - (i) PMI and Carrara shall prepare and mail the Information Circular on or before April 15, 2017 and lawfully convene and hold the PMI Meeting and the Carrara Meeting for the purpose of presenting the PMI Amalgamation Resolution and the Carrara RTO Resolution as soon as reasonably practicable and in any event, on or before May 31, 2017; and
 - (ii) Carrara, with the co-operation and participation of PMI, shall make an application to the CSE for the acceptance for filing of this Agreement and the acceptance for listing of the Carrara Shares issuable in connection with the transactions contemplated herein on the CSE.
- (b) Upon the due approval of the PMI Amalgamation Resolution and the Carrara RTO Resolution and, subject to the satisfaction or waiver of all the conditions herein contained in favour of the Parties:
 - (i) Carrara shall, with the co-operation and participation of PMI, use its commercially reasonable efforts to make such arrangements with the Registrar as may be necessary or desirable to permit:
 - (A) the filing with the Registrar of the Amalgamation Application to be made effective at the Effective Time (and in any event, on or before June 30, 2017); and
 - (B) the obtaining of the Certificate of Amalgamation in that regard; and
 - (ii) Carrara shall, on or prior to the Effective Date, provide to the Depositary an irrevocable direction to issue the maximum number of Carrara Shares issuable to the PMI Shareholders pursuant to the Amalgamation so as to permit the Depositary to issue the Carrara Shares to the PMI Shareholders as contemplated herein.
- (c) In the event that there is a failure to obtain, or if Carrara reasonably anticipates that there shall be a failure to obtain, a consent, Order or other approval of a Governmental Entity required in connection with the approval of the Amalgamation, then PMI shall, upon the request of Carrara, use its commercially reasonable efforts to assist Carrara to successfully implement and complete any alternative transaction structure that does not have negative financial consequences for either Party. In the event that the transaction structure is modified as a result of any event contemplated pursuant to this Section 3.2(c) or otherwise, the relevant provisions of this Agreement shall forthwith be deemed modified as necessary in order that it shall apply with full force and effect, *mutatis mutandis*, to reflect the revised transaction structure and the Parties hereto

shall, upon the reasonable request of any Party hereto, execute and deliver an agreement in writing giving effect to and evidencing such amendments as may be reasonably required as a result of such modifications.

3.3 Information Circular. Each of Carrara and PMI shall as promptly as is practical, following execution of this Agreement, prepare the Information Circular and the Parties shall, on a timely basis, use their commercially reasonable efforts to co-operate in the preparation of all other documents and filings and the seeking and obtaining of all consents, Orders and approvals, including regulatory and judicial Orders and approvals and other matters reasonably determined by Carrara and PMI to be necessary in connection with this Agreement and the Amalgamation. Each of Carrara and PMI shall ensure that the Information Circular and other documents, filings, consents, Orders and approvals contemplated by this Section 3.3 are prepared in compliance with, and made and/or obtained in accordance with, all Applicable Laws. Each of Carrara and PMI, as applicable, shall mail the Information Circular to the PMI Shareholders and the Carrara Shareholders and to all other persons required by law with respect to the PMI Meeting and the Carrara Meeting, all in accordance with Applicable Laws, the constating documents of Carrara and PMI, as applicable, and the requirements of any other regulatory authority having jurisdiction. The Parties shall use all commercially reasonable efforts to expeditiously and in a timely manner furnish the information required by each Party to be included in the Information Circular and each Party shall each have had the reasonable opportunity to review and comment on all such information. The information to be provided by each of the Parties for use in the Information Circular, on both the date that same are first mailed to PMI Shareholders and the Carrara Shareholders, as applicable, and on the date of the PMI Meeting and the Carrara Meeting, as applicable, is held, shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading and shall comply in all material respects with all applicable requirements of law, and the Parties each agree to correct promptly any such information provided by any of them for use in the Information Circular which has ceased to meet such standard. In any such event, PMI or Carrara shall prepare a supplement or amendment to the Information Circular or such application or other document, as required and as the case may be, and, if required, shall cause the same to be distributed to the PMI Shareholders and the Carrara Shareholders, as applicable, and filed with the relevant Securities Authorities and/or other Governmental Entity after the Parties and their respective counsel and advisors have had a reasonable opportunity to review and comment on all such documentation and all such documentation is in form and content reasonably satisfactory to PMI or Carrara, as applicable.

3.4 Amalgamated Company. Subco and PMI agree to complete the Amalgamation pursuant to Division 3 of Part 9 of the BCBCA and to continue as one corporation as a subsidiary of Carrara upon the following terms and conditions:

- (a) the name of Amalco shall be "PreveCeutical Medical Holdings Inc." or such other name as may be agreed by Carrara and PMI and acceptable to the Registrar and the CSE;
- (b) the registered office of Amalco shall be the registered office of PMI at the Effective Time;
- (c) the articles of Amalco shall be substantially in the form set forth in Schedule "G";

- (d) the authorized capital of Amalco shall consist of an unlimited number of common shares without par value;
- (e) the first director of Amalco shall be Stephen Van Deventer, who shall hold office until the first annual or general meeting of the shareholders of Amalco or until his successor is duly appointed or elected. The subsequent directors shall be elected each year thereafter as provided for in the Articles of Amalco. The management and operation of the business and affairs of Amalco shall be under the control of the board of directors as it is constituted from time to time;
- (f) the officers of Amalco shall, until changed by the board of directors of Amalco, be as follows:

<u>Name</u>	<u>Office</u>
Stephen Van Deventer	Chief Executive Officer

- (g) the financial year-end of Amalco shall be December 31, until changed by the directors of Amalco; and
- (h) there shall be no restrictions on the business that Amalco may carry on or the powers it may exercise.

3.5 Effect of Amalgamation. At the Effective Time, the following shall occur and shall be deemed to occur in the following order without any further act or formality:

- (a) the Amalgamation and the continuance of Subco and PMI as one corporation under the terms and conditions prescribed in this Agreement shall be effective;
- (b) the property of each of Subco and PMI shall continue to be the property of Amalco;
- (c) Amalco shall continue to be liable for the obligations of each of Subco and PMI;
- (d) any existing cause of action, claim or liability to prosecution with respect to either or both or all of Subco and PMI shall be unaffected;
- (e) any civil, criminal or administrative action or proceeding pending by or against any of Subco and PMI may be continued to be prosecuted by or against Amalco;
- (f) any conviction against, or Order in favour of or against, any of Subco and PMI may be enforced by or against Amalco; and
- (g) the notice of articles contained in the Amalgamation Application shall be deemed to be the notice of articles of Amalco and the Certificate of Amalgamation shall be deemed to be the Certificate of Incorporation of Amalco.

3.6 General Effects of the Amalgamation. On the Effective Date:

- (a) each PMI Shareholder (other than Dissenting PMI Shareholders) shall receive that number of fully paid and non-assessable Carrara Shares equal to the product determined by multiplying the number of PMI Shares held by such PMI

Shareholder by the Exchange Ratio, following which all such PMI Shares shall be cancelled and such PMI Shareholder's name shall be removed from the register of holders of PMI Shares;

- (b) Carrara shall receive one fully paid and non-assessable Amalco common share for each one Subco common share held by Carrara, following which all such Subco common shares shall be cancelled;
- (c) no fractional Carrara Shares shall be issued to holders of PMI Shares; in lieu of any fractional entitlement, the number of Carrara Shares issued to each PMI Shareholder (other than Dissenting PMI Shareholders) shall be rounded up to the next greater whole number of Carrara Shares if the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the next lesser whole number of Carrara Shares if the fractional entitlement is less than 0.5 and, in calculating such fractional interests, all Carrara Shares registered in the name of or beneficially held by such PMI Shareholder or its nominee shall be aggregated;
- (d) Carrara shall add an amount to the paid-up capital maintained in respect of the Carrara Shares equal to the aggregate paid-up capital for income tax purposes of the PMI Shares immediately prior to the Effective Time (less the paid-up capital of any PMI Shares held by Dissenting PMI Shareholders who do not exchange their PMI Shares for Carrara Shares pursuant to the Amalgamation); and
- (e) Amalco shall add an amount to the paid-up capital maintained in respect of the Amalco Common Shares such that the paid-up capital of the Amalco Common Shares shall be equal to the aggregate paid-up capital for income tax purposes of the Subco Common Shares and PMI Shares immediately prior to the Effective Time.

3.7 Share Certificates. On the Effective Date:

- (a) the register of transfers of PMI Shares shall be closed;
- (b) the PMI Shareholders shall cease to be holders of PMI Shares and shall be deemed to be the registered holders of the Carrara Shares to which they are entitled, calculated in accordance with the provisions hereof;
- (c) the former holders of PMI Shares may surrender the certificates representing such PMI Shares to the Depository (together with a duly completed Letter of Transmittal and such additional documents and instruments as the Depository may reasonably require), upon which surrender the holder shall be entitled to receive certificates evidencing the Carrara Shares which the holder is entitled to receive in connection with the Amalgamation, calculated in accordance with the provisions hereof, as soon as practicable, but no later than five Business Days following the later of the Effective Date and the date of deposit with the Depository of the certificates representing those PMI Shares; and
- (d) Carrara, as the registered holder of Subco Common Shares, shall cease to be the holder of Subco Common Shares and shall be deemed to be the registered holder

of the Amalco Common Shares in accordance with the provisions hereof and may surrender the certificates representing Subco Common Shares and, upon such surrender, shall be entitled to receive a share certificate representing the number of Amalco Common Shares to which it is entitled to, calculated in accordance with the provisions hereof.

3.8 Lost Certificates. In the event any certificate which immediately prior to the Effective Date represented one or more outstanding PMI Shares has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the PMI Shareholder claiming such certificate to be lost, stolen or destroyed, the Depositary shall issue in exchange for such lost, stolen or destroyed certificate, one or more certificates representing one or more Carrara Shares pursuant to Section 3.7 in each case deliverable in accordance with the terms hereof. The holder to whom certificates representing Carrara Shares are to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to Carrara, Amalco and the Depositary in such sum as Carrara may direct or otherwise indemnify Carrara in a manner satisfactory to Carrara against any claim that may be made against Carrara or Amalco with respect to the certificate alleged to have been lost, stolen or destroyed.

3.9 Extinguishment of Rights. Any share certificate formerly representing PMI Shares which is not deposited with the Depositary on or prior to the sixth (6th) anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature whatsoever. On such date, the Carrara Shares (and any dividends or distributions with respect thereto) to which the former holder of the certificate referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered for no consideration to Carrara, together with all entitlements to dividends, distributions and interest in respect thereof held for such former holder. None of Carrara, Amalco or the Depositary shall be liable to any person in respect of Carrara Shares (or dividends and/or distributions thereon) delivered to a public official pursuant to and in compliance with any applicable abandoned property, escheat or similar law.

3.10 Withholding Rights. Carrara shall be entitled to deduct and withhold from any consideration otherwise payable pursuant to transactions contemplated by this Agreement to any former PMI Shareholder such amounts as it determines are required or permitted to be deducted and withheld with respect to such payment under the Tax Act 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 PMI Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

3.11 Termination of Depositary. Any Carrara Shares that remain undistributed by the Depositary to former PMI Shareholders 24 months after the Effective Date shall be delivered to Carrara, upon demand thereof, and holders of certificates previously representing PMI Shares who have not theretofore complied with Section 3.7 shall thereafter look only to Carrara for payment of any claim to Carrara Shares or dividends or distributions, if any, in respect thereof.

3.12 PMI Warrants. After the Effective Time and subject to approval of the CSE, each whole PMI Warrant outstanding immediately prior to Closing shall entitle the holder thereof to receive, upon exercise on or after the Effective Date, one (1) Carrara Share at an exercise price equal to the exercise price provided for in the certificate representing such PMI Warrant, subject to the terms and conditions contained in such certificate. Certificates representing PMI Warrants

which are outstanding on the Effective Date shall represent rights to purchase Carrara Shares. Carrara shall have no obligation to issue new warrant certificates representing such rights.

3.13 PMI Options. After the Effective Time, PMI Options held by persons eligible to participate in the PMI stock option plan, then in effect, shall continue to vest in accordance with the vesting schedule set forth in the certificate evidencing such PMI Options and shall be exercisable by the holder at an exercise price equal to the exercise price provided for in the certificate representing such PMI Option, subject to the terms and conditions contained in such certificate. Certificates representing PMI Options which are outstanding on the Effective Date shall represent rights to purchase Carrara Shares. Carrara shall have no obligation to issue new option certificates representing such rights.

3.14 Dissenting PMI Shareholders.

- (a) Each registered PMI Shareholder may exercise Dissent Rights in connection with the Amalgamation pursuant to and in the manner set forth in Section 238 of the BCBCA. PMI shall give Carrara (i) prompt notice of any written notices of exercise of Dissent Rights, withdrawals of such notices, and any other instruments served pursuant to the BCBCA and received by PMI; and (ii) the opportunity to participate in all negotiations and proceedings with respect to such rights. Without the prior written consent of Carrara, except as required by Applicable Laws, PMI shall not make any payment with respect to any such rights or offer to settle or settle any such rights.
- (b) PMI Shares which are held by a Dissenting PMI Shareholder shall not be converted as prescribed by Section 3.6. However, if a Dissenting PMI Shareholder fails to perfect or effectively withdraw 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 a PMI Shareholder are otherwise reinstated, such PMI Shareholder's PMI Shares shall thereupon be deemed to have been converted as of the Effective Date as prescribed by Section 3.6.

3.15 Application of the Tax Act. The Parties hereby acknowledge and agree that the transactions contemplated herein are not intended to give rise to any income tax liability whatsoever, and it is their intention that the issuance of the Carrara Shares to the PMI Shareholders contemplated hereby shall be effected pursuant to the provisions of Section 85.1 of the Tax Act, unless that provision is inapplicable in respect of any particular PMI Shareholder, in which case the non-application of Section 85.1 to a particular PMI Shareholder is not intended to alter the application of this provision to any other PMI Shareholder.

3.16 Reliance on Prospectus and Registration Exemptions. PMI acknowledges and agrees that the Carrara Shares being issued pursuant to this Agreement are being issued pursuant to an exemption from the prospectus and registration requirements of the Applicable Laws. As a result, the PMI Shareholders shall not be entitled to certain protections, rights and remedies available under the Applicable Laws, including statutory rights of rescission or damages, and the PMI Shareholders shall not receive information that would otherwise be required to be provided to the PMI Shareholders pursuant to the Applicable Laws.

3.17 Resale Restrictions. The Parties acknowledge and agree that it is the intention of the Parties that the Carrara Shares to be issued to the PMI Shareholders hereunder shall be issued

pursuant to the "business combination and reorganization" exemption set forth in Section 2.11 of NI 45-106, such that, excepting any applicable escrow hold periods, there shall be no resale restrictions in Canada under Applicable Laws. Notwithstanding the foregoing, the PMI Shareholders acknowledge and agree that, to the extent that the Carrara Shares shall be subject to resale restrictions under Applicable Laws, then the terms of such resale restrictions shall be endorsed on the certificates representing such Carrara Shares as a printed legend, and the Carrara Shares may not be sold, transferred or otherwise disposed of except in accordance with, exemption from, or in a transaction not subject to, the prospectus and registration requirements of the Applicable Laws and in each case only in accordance with all Applicable Laws.

3.18 Escrow. At Closing, any Carrara Shares to be issued to any PMI Shareholders who, after Closing and at the time of the application by Carrara for the Listing, shall be Related Persons of Carrara, shall be deposited by the Depository into escrow with the Escrow Agent to hold in accordance with the terms of the Escrow Agreement.

3.19 U.S. Persons. PMI represents and warrants to Carrara that each of the PMI Shareholders, and any person for whom it is acting hereunder, is either:

- (a) not a U.S. Person or a person in the United States and is not acquiring the Carrara Shares for the account or benefit of a U.S. Person or a person in the United States or for resale in the United States; or
- (b) a U.S. Person or a person in the United States and, in which case, it is a U.S. Accredited Investor and has properly completed, executed and delivered to Carrara the U.S. Accredited Investor Certificate attached as Schedule "K".

In both instances, PMI acknowledges and agrees that the Carrara Shares have not been registered under the 1933 Act or any state securities laws and that the Carrara Shares may not be offered, sold, pledged or otherwise transferred in the United States or to a U.S. Person unless registered under the 1933 Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available, and that Carrara has no obligation or present intention of filing a registration statement under the 1933 Act or applicable state securities laws in respect of the Carrara Shares.

3.20 PMI Shareholders Resident in the United States. For PMI Shareholders resident in the United States, PMI acknowledges and agrees that all certificates representing the Carrara Shares issued in connection with the Amalgamation shall be endorsed with a legend, in substantially the form below, pursuant to the 1933 Act in order to reflect the fact that the Carrara Shares shall be issued to the PMI Shareholders pursuant to an exemption from the registration requirements of the 1933 Act:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR THE LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE 1933 ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS,

OR (C) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE 1933 ACT OR ANY APPLICABLE STATE SECURITIES LAWS AFTER THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

3.21 Recommendation of the PMI Board of Directors. PMI represents and warrants to Carrara that its board of directors has unanimously determined that:

- (a) the Amalgamation is fair, from a financial point of view to the PMI Shareholders and that the Amalgamation is in the best interests of PMI and the PMI Shareholders; and
- (b) the board of directors of PMI shall unanimously recommend that the PMI Shareholders vote in favour of the PMI Amalgamation Resolution, which recommendation may not be withdrawn, modified or changed in any manner except as set forth herein.

3.22 Recommendation of the Carrara Board of Directors. Carrara represents and warrants to PMI that its board of directors has unanimously determined that:

- (a) the Amalgamation is fair, from a financial point of view to the Carrara Shareholders and that the Amalgamation is in the best interests of Carrara and the Carrara Shareholders; and
- (b) the board of directors of Carrara shall unanimously recommend that the Carrara Shareholders vote in favour of the Carrara RTO Resolution, which recommendation may not be withdrawn, modified or changed in any manner except as set forth herein.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF PMI

PMI hereby represents and warrants to Carrara and Subco, and acknowledges that Carrara and Subco are relying upon such representations and warranties, in connection with the execution, delivery and performance of this Agreement, notwithstanding any investigation made by or on behalf of either Carrara or Subco, as follows:

4.1 Organization and Good Standing. PMI is a corporation duly organized, validly existing and in good standing under the laws of the Province of British Columbia, including as such requirements relate to the holding of annual meetings of shareholders, and has the requisite corporate power and authority to own, lease and to carry on its business as now being conducted.

4.2 Licences and Permits. PMI is registered, licensed or otherwise qualified in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, other than those jurisdictions where the failure to be so registered, licensed or otherwise qualified

would not have a Material Adverse Effect on PMI.

4.3 Authority, Execution and Delivery.

- (a) PMI has all requisite corporate power and authority to execute and deliver this Agreement and any other document contemplated by this Agreement (collectively with this Agreement, the "**PMI Documents**") to be executed by PMI and to perform its obligations hereunder and to consummate the transactions contemplated hereby.
- (b) The execution and delivery of each of the PMI Documents by PMI and the consummation of the transactions contemplated hereby have been duly authorized by PMI's board of directors. Except as contemplated herein, no other corporate or shareholder proceedings on the part of PMI are necessary to authorize the execution and delivery of the PMI Documents or to consummate the transactions contemplated hereby. This Agreement has been, and the other PMI Documents when executed and delivered by PMI as contemplated by this Agreement shall be, duly executed and delivered by PMI and this Agreement is, and the other PMI Documents when executed and delivered by PMI as contemplated hereby shall be, valid and binding obligations of PMI enforceable in accordance with their respective terms except as limited by: (i) applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally; (ii) laws relating to the availability of specific performance, injunctive relief, or other equitable remedies; and (iii) as limited by public policy.

4.4 Share Capital and Capitalization. As of the date hereof, the authorized share capital of PMI consists of an unlimited number of PMI Shares, of which there are 40,629,408 PMI Shares issued and outstanding. All of the issued and outstanding PMI Shares have been duly authorized, are validly issued, were not issued in violation of any pre-emptive rights and are fully paid and non-assessable, are not subject to pre-emptive rights and were issued in full compliance with the laws of its jurisdiction of organization and PMI's notice of articles and articles. With the exception of 3,950,000 PMI Options, a convertible loan facility between PMI, Stephen Van Deventer and Kimberly Van Deventer and a convertible loan with Sydney Cole, there are no outstanding options, warrants, subscriptions, conversion rights, or other rights, agreements, or commitments obligating PMI to issue any additional PMI Shares, or any other securities convertible into, exchangeable for, or evidencing the right to subscribe for or acquire from PMI any PMI Shares. There are no agreements purporting to restrict the transfer of the PMI Shares, no voting agreements, shareholders' agreements, voting trusts, or other arrangements restricting or affecting the voting of the PMI Shares.

4.5 Reporting Issuer Status. PMI is not a reporting issuer (within the meaning of Applicable Laws) or equivalent in any jurisdiction and to the knowledge of PMI, no shares of PMI are listed for trading or quoted on any stock exchange or stock trading system.

4.6 Directors and Officers of PMI. The duly elected or appointed directors and the duly appointed officers of PMI are as set forth in Schedule "A".

4.7 Corporate Records of PMI. The corporate records of PMI, as required to be maintained by it pursuant to the laws of its jurisdiction of organization, are accurate, complete and current in

all material respects, and the minute books of PMI are, in all material respects, correct and contain all records required by the laws of such jurisdiction in regards to all proceedings, consents, actions and meetings of the shareholders and the board of directors of PMI.

4.8 Subsidiaries. PMI does not have any subsidiaries or agreements of any nature to acquire any subsidiary or to acquire or lease any other business operations.

4.9 Non-Contravention. Neither the execution, delivery and performance of this Agreement, nor the consummation of the Amalgamation, shall:

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

in each case, which would, individually or in the aggregate, have a Material Adverse Effect on PMI.

4.10 Litigation. To the knowledge of PMI, there is no claim, charge, arbitration, grievance, action, suit, investigation or proceeding by or before any court, arbiter, administrative agency or other Governmental Entity now pending or, to the knowledge of PMI, threatened against PMI, which involves any of the business, or the properties or assets of PMI that, if adversely resolved or determined, would, individually or in the aggregate, have a Material Adverse Effect on PMI. Nor is PMI aware of any reasonable basis for any claim or action that, based upon the likelihood of its being asserted and its success if asserted, would, individually or in the aggregate, have a Material Adverse Effect on PMI.

4.11 Compliance.

- (a) To the knowledge of PMI and except with respect to matters relating to the environment or Environmental Laws, which are addressed in Section 4.17, PMI is in compliance with, is not in default or violation in any material respect under, and has not been charged with or received any notice at any time of any material violation of any Applicable Laws to the business or operations of PMI, nor is PMI aware of any valid basis therefore;
- (b) To the knowledge of PMI, PMI is not subject to any Order entered in any lawsuit or proceeding applicable to its business and operations that would, individually or in the aggregate, have a Material Adverse Effect on PMI; and

- (c) PMI has duly filed all reports and returns required to be filed by it with Governmental Entities and has obtained all governmental permits and other governmental consents, except as may be required after the execution of this Agreement. All of such permits and consents are in full force and effect, and no proceedings for the suspension or cancellation of any of them, and no investigation relating to any of them, is pending or to the knowledge of PMI, threatened, and none of them shall be adversely affected by the consummation of the Amalgamation.

4.12 Consents, Filings and Approvals. No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other person, except as contemplated by this Agreement, is required to be obtained by PMI in connection with the execution and delivery of this Agreement or the consummation by PMI of the transactions contemplated hereby other than:

- (a) the filing of the Amalgamation Application with the Registrar;
- (b) filings with, and approvals by, the Securities Authorities; and
- (c) any other consents, approvals, Orders, authorizations, declarations or filings which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Effect on PMI.

4.13 No Default. PMI is not in default under, and, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute a default by PMI under any Contract, licence, permit or other instrument that is material to the conduct of the business of PMI to which it is a party or by which it is bound or subject to that would, individually or in the aggregate, have a Material Adverse Effect on PMI. No party to any Contract of PMI has given written notice to PMI of, or made a claim against, PMI with respect to any breach or default thereunder, in any such case in which such breach or default constitutes a Material Adverse Effect on PMI.

4.14 Financial Representations. The books, records, and accounts of PMI accurately and fairly reflect, in reasonable detail, the assets and Liabilities of PMI. PMI has not engaged in any transaction, maintained any bank account, or used any funds of PMI, except for transactions, bank accounts, and funds which have been and are reflected in the normally maintained books and records of PMI. The PMI Financial Statements are in accordance with the books and records of PMI, present fairly the financial condition of PMI as of the PMI Accounting Date and have been prepared in accordance with IFRS. PMI has not received any advice or notification from its auditors that PMI has used any improper accounting practice that would have the effect of not reflecting or incorrectly reflecting in the PMI Financial Statements or the books and records of PMI, any properties, assets, Liabilities, revenues or expenses of PMI.

4.15 Absence of Undisclosed Liabilities. Except for legal and accounting costs incurred in connection with the transactions contemplated by this Agreement or as disclosed in Schedule "C", PMI has no Liabilities or obligations either direct or indirect, matured or unmatured, absolute, contingent or otherwise that exceed \$5,000, which:

- (a) are not set forth in the PMI Financial Statements or have not heretofore been paid or discharged;

- (b) did not arise in the regular and ordinary course of business under any agreement, Contract, lease or plan specifically disclosed in writing to Carrara; or
- (c) have not been incurred in amounts and pursuant to practices consistent with past business practice, in or as a result of the regular and ordinary course of its business since the date of the last PMI Financial Statements.

4.16 Insurance. PMI maintains policies of insurance in amounts and in respect of such risks as are normal and usual for companies of a similar size and business and such policies are in full force and effect as of the date hereof.

4.17 Environmental. To the knowledge of PMI:

- (a) PMI is in compliance in all material respects with Environmental Laws;
- (b) PMI has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
- (c) there is no material claim or judicial or administrative proceeding which may affect PMI or any of its properties or assets relating to or alleging any violation of Environmental Laws;
- (d) PMI holds all licences, permits and approvals required under Environmental Laws in connection with the operation of its business as presently conducted and the ownership and use of its assets, other than those which the failure to hold would not reasonably be expected to have a Material Adverse Effect on PMI; and
- (e) neither PMI nor any of its assets is the subject of any investigation, evaluation, audit or review not in the ordinary and regular course of business by any Governmental Entity to determine whether any violation of Environmental Laws has occurred or is occurring, and PMI is not subject to any known environmental Liabilities.

4.18 Tax Matters.

- (a) As of the date hereof:
 - (i) PMI has timely filed all Tax Returns in connection with any Taxes which are required to be filed on or prior to the date hereof, taking into account any extensions of the filing deadlines which have been validly granted to them; and
 - (ii) all such Tax Returns are true and correct in all material respects;
- (b) PMI has paid all Taxes that have become or are due with respect to any period ended on or prior to the date hereof;
- (c) PMI is not presently under, and has not received notice of, any contemplated investigation or audit by the Canada Revenue Agency or the Internal Revenue

Service or any foreign or state taxing authority concerning any fiscal year or period ended prior to the date hereof;

- (d) All Taxes required to be withheld on or prior to the date hereof from employees of PMI for income taxes, social insurance taxes, unemployment taxes and other similar withholding taxes have been properly withheld and, if required on or prior to the date hereof, have been deposited with the appropriate Governmental Entity; and
- (e) To the knowledge of PMI, the PMI Financial Statements contain full provision for all Taxes, including any deferred Taxes, that may be assessed to PMI for the accounting period ended on the PMI Accounting Date or for any prior period in respect of any transaction, event or omission occurring, or any profit earned, on or prior to the PMI Accounting Date or for any profit earned by PMI on or prior to the PMI Accounting Date or for which PMI is accountable up to such date and all contingent Liabilities for Taxes have been provided for or disclosed in the PMI Financial Statements.

4.19 Absence of Changes. Since the PMI Accounting Date, and except as set forth in Schedule "C" and elsewhere in this Agreement or as otherwise contemplated herein, PMI has not:

- (a) incurred any Liabilities, discharged or satisfied any Encumbrance, or paid any Liabilities, other than in the ordinary course of business consistent with past practice, or failed to pay or discharge when due any Liabilities of which the failure to pay or discharge has caused or shall cause, individually or in the aggregate, a Material Adverse Effect on PMI;
- (b) incurred or suffered a Material Adverse Change;
- (c) sold, encumbered, assigned or transferred any material fixed assets or properties;
- (d) created, incurred, assumed or guaranteed any indebtedness for money borrowed, or mortgaged, pledged or subjected any of its material assets or properties to any Encumbrance of any nature whatsoever;
- (e) made or suffered any amendment or termination of any Material Contract to which it is a party or by which it is bound, or cancelled, modified or waived any substantial debts or claims held by it or waived any rights of substantial value, other than in the ordinary course of business;
- (f) declared, set aside or paid any dividend or made or agreed to make any other distribution or payment in respect of its capital shares or redeemed, purchased or otherwise acquired or agreed to redeem, purchase or acquire any of its capital shares or equity securities;
- (g) suffered any damage, destruction or loss, whether or not covered by insurance, that materially and adversely affects its business, operations, assets, properties or prospects;
- (h) received notice or had knowledge of any actual or threatened labour trouble,

termination, resignation, strike or other occurrence, event or condition of any similar character, which has had or might have, individually or in the aggregate, a Material Adverse Effect on PMI;

- (i) made commitments or agreements for capital expenditures or capital additions or betterments;
- (j) other than in the ordinary course of business, increased the salaries or other compensation of, or made any advance (excluding advances for ordinary and necessary business expenses) or loan to, any of its employees, directors or officers or made any increase in, or any addition to, other benefits to which any of its employees, directors or officers may be entitled;
- (k) entered into any transaction other than in the ordinary course of business consistent with past practice;
- (l) made any material change in its accounting methods, principles or practices; or
- (m) agreed, whether in writing or orally, to do any of the foregoing.

4.20 Assets. PMI has good and marketable title to its assets free and clear of Encumbrances, adverse claims, Orders and demands of any nature or kind whatsoever recorded or unrecorded, except as disclosed in Schedule "D".

4.21 Personal Property. Schedule "D" contains a complete and accurate list and summary description of all material equipment, furniture, fixtures and other tangible personal property and assets owned or leased by PMI and that are necessary for PMI's business as presently conducted.

4.22 Intellectual Property Assets.

- (a) PMI owns or holds an interest or licence in all intellectual property assets necessary for the operation of the business of PMI as it is currently conducted (collectively, the "**Intellectual Property Assets**"), including:
 - (i) various URL domain names, including preveceutical.com;
 - (ii) all functional business names, trading names, registered and unregistered trademarks, service marks, and applications (collectively, the "**Marks**");
 - (iii) all patents, patent applications, and inventions, methods, processes and discoveries that may be patentable, if any (collectively, the "**Patents**");
 - (iv) all copyrights in both published works and unpublished works (collectively, the "**Copyrights**"); and
 - (v) all know-how, trade secrets, confidential information, customer lists, software, technical information, data, process technology, plans, drawings, and blue prints owned, used, or licensed by PMI as licensee or licensor (collectively, the "**Trade Secrets**").
- (b) Except as set forth in Schedule "D" or as otherwise set forth in this Agreement,

PMI does not own any Intellectual Property Assets.

- (c) Schedule "D" contains a complete and accurate list and summary description, including any royalties paid or received by PMI, of all Contracts relating to the Intellectual Property Assets to which PMI is a party or by which PMI is bound, except for any license implied by the sale of a product and perpetual, paid-up licenses for commonly available software programs with a value of less than \$2,500 under which PMI is the licensee. To the best knowledge of PMI, there are no outstanding or threatened disputes or disagreements with respect to any such Contracts.
- (d) Except as set forth in Schedule "D" or as otherwise set out in this Agreement, PMI is the owner of, or has licensed rights to, all right, title, and interest in and to each of the Intellectual Property Assets, free and clear of all Encumbrances, and other adverse claims, and has the right to use without payment to a third party, unless pursuant to existing agreements, the particulars of which are set forth in Schedule "D", of all the Intellectual Property Assets. No employee, director, officer or shareholder of PMI owns directly or indirectly in whole or in part, any Intellectual Property Asset which PMI is presently using or which is necessary for the conduct of its business. To the knowledge of PMI, no employee or contractor of PMI has entered into any contract or agreement that restricts or limits in any way the scope or type of work in which the employee may be engaged or requires the employee to transfer, assign, or disclose information concerning his work to anyone other than PMI.
- (e) Except as set forth in Schedule "D", PMI does not currently hold any registered Marks.
- (f) PMI does not currently hold any Patents, however, PMI's global license for CELLB9™, the process associated with the treatment of Caribbean Blue Scorpion Venom, is protected by Patent # US 8097284 B22.
- (g) PMI does not currently hold any registered Copyrights.
- (h) Schedule "D" contains a complete and accurate list and summary description of all Trade Secrets. PMI has taken all reasonable precautions to protect the secrecy, confidentiality, and value of the Trade Secrets. PMI has good title and an absolute right to use the Trade Secrets. The Trade Secrets are not part of the public knowledge or literature, and to the best knowledge of PMI, have not been used, divulged, or appropriated either for the benefit of any person or entity or to the detriment of PMI. To the best knowledge of PMI, no Trade Secret is subject to any adverse claim or has been challenged or threatened in any way.

4.23 Employees and Consultants. PMI does not have any employees or consultants, except as set forth in Schedule "A". There are no pension, profit sharing, group insurance or similar plans or other deferred compensation plans of any kind whatsoever with respect to the directors, officers or consultants of PMI; and there are no labour contracts or collective agreements with respect to any employees of PMI, nor any labour grievance procedures, labour disputes or strikes or union organization campaigns, pending or threatened against PMI.

4.24 Real Property. PMI does not own any real property. Each of the leases, subleases, claims or other real property interests (in this Section 4.24, collectively, the "**Leases**") to which PMI is a party or is bound, as set forth in Schedule "C", is legal, valid, binding, enforceable and in full force and effect in all material respects. All rental and other payments required to be paid by PMI pursuant to any such Leases have been duly paid and no event has occurred which, upon the passing of time, the giving of notice, or both, would constitute a breach or default by any party under any of the Leases. The Leases shall continue to be legal, valid, binding, enforceable and in full force and effect on identical terms following the Effective Date. PMI has not assigned, transferred, conveyed, mortgaged, deeded in trust, or encumbered any interest in the Leases or the leasehold property pursuant thereto, other than amendments in the ordinary course of business including any required to consummate the transactions contemplated herein.

4.25 Material Contracts. Schedule "E" lists each Material Contract to which PMI is a party, with the exception of this Agreement and the other PMI Documents. Each Material Contract is in full force and effect, and there exists no material breach or violation of or default by PMI under any Material Contract, or any event that, with notice or the lapse of time, or both, shall create a material breach or violation thereof or default under any Material Contract by PMI. The continuation, validity, and effectiveness of each Material Contract shall in no way be affected by the consummation of the Amalgamation contemplated by this Agreement. There exists no actual or threatened termination, cancellation, or limitation of, or any amendment, modification, or change to any Material Contract.

4.26 Certain Transactions. Except as otherwise disclosed to Carrara, PMI is not a guarantor or indemnitor of any indebtedness of any third party, including any person, firm or corporation.

4.27 No Option on Assets. No person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from PMI of any of the material assets of PMI.

4.28 Restrictions on Business Activities. PMI is not a party to, or bound by, any non-competition agreement or any other agreement, obligation or Order that purports to:

- (a) limit the manner or the localities in which all or any material portion of the business of PMI is conducted;
- (b) limit any business practice of PMI in any material respect; or
- (c) restrict any acquisition or disposition of any property by PMI in any material respect,

except any agreement between PMI, its suppliers and/or distributors limiting the scope of PMI's operations in the geographic location related to the supply or distribution of goods between the parties.

4.29 No Brokers. Except for finder's fees payable by PMI in connection with the PMI Financing, PMI has not incurred any independent obligation or liability to any party for any brokerage fees, agent's commissions, or finder's fees in connection with the transactions contemplated by this Agreement.

4.30 No Liabilities. On Closing, PMI shall not have any direct, indirect or contingent

Liabilities outstanding, except for (i) professional fees; (ii) as set out elsewhere in this Agreement or otherwise contemplated herein; and (iii) those incurred in the ordinary course of business.

4.31 Money Laundering. The operations of PMI are, and have been, conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the money laundering statutes in all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (in this Section 4.31, collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court, Governmental Entity or non-governmental authority involving PMI with respect to the Money Laundering Laws is, to the knowledge of PMI, pending or threatened.

4.32 No Shareholdings in Carrara. PMI does not, legally or beneficially, own, directly or indirectly, any securities of Carrara and does not have any right, agreement or obligation to purchase any securities of Carrara or any securities or obligations of any kind convertible into or exchangeable for any securities of Carrara, except as otherwise set forth in this Agreement.

4.33 Expropriation. No property or asset of PMI has been taken or expropriated by any Governmental Entity and no notice or proceeding in respect of any such expropriation has been given or commenced and, to the knowledge of PMI, there is no intent or proposal to give any such notice or to commence any such proceeding.

4.34 Right to Use Personal Information. All personal information in the possession of PMI has been collected, used and disclosed in compliance with all applicable privacy Laws in those jurisdictions in which PMI is deemed, by operation of law in those jurisdictions, to conduct its business. PMI has disclosed to Carrara all Contracts and facts concerning the collection, use, retention, destruction and disclosure of personal information, and there are no other Contracts, or facts which, on completion of the transactions contemplated by this Agreement, would restrict or interfere with the lawful use of any personal information by PMI in the operation of its business as conducted by PMI before the Closing. There are no claims pending or, to the knowledge of PMI, threatened, with respect to PMI's collection, use or disclosure of personal information.

4.35 Completeness of Disclosure. No representation or warranty by PMI in this Agreement nor any certificate, schedule, statement, document or instrument furnished or to be furnished to Carrara and Subco pursuant hereto contains or shall contain any untrue statement of a material fact or omits or shall omit to state a material fact required to be stated herein or therein or necessary to make any statement herein or therein not materially misleading.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF CARRARA

Carrara hereby represents and warrants to PMI and acknowledges that PMI is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement, notwithstanding any investigation made by or on behalf of PMI, as follows:

5.1 Organization and Good Standing. Carrara is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, including as such requirements relate to the holding of annual meetings of shareholders, and has the requisite corporate power and authority to own, lease and to carry on its business as now being conducted.

5.2 Licences and Permits. Carrara is registered, licensed or otherwise qualified in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, other than those jurisdictions where the failure to be so registered, licensed or otherwise qualified would not have a Material Adverse Effect on Carrara.

5.3 Authority, Execution and Delivery.

- (a) Carrara has all requisite corporate power and authority to execute and deliver this Agreement and any other document contemplated by this Agreement (collectively with this Agreement, the "**Carrara Documents**") to be executed by Carrara and to perform its obligations hereunder and to consummate the transactions contemplated hereby.
- (b) The execution and delivery of each of the Carrara Documents by Carrara and the consummation of the transactions contemplated hereby have been duly authorized by the board of directors of Carrara. Except as contemplated hereby, no other corporate or securityholder proceedings on the part of Carrara are necessary to authorize the execution and delivery of the Carrara Documents or to consummate the transactions contemplated hereby. This Agreement has been, and the other Carrara Documents when executed and delivered by Carrara and as contemplated hereby, shall be, duly executed and delivered by Carrara and this Agreement is, and the other Carrara Documents when executed and delivered by Carrara, and as contemplated hereby, shall be, valid and binding obligations of Carrara enforceable in accordance with their respective terms except as limited by: (i) applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally; (ii) laws relating to the availability of specific performance, injunctive relief, or other equitable remedies; and (iii) as limited by public policy.

5.4 Share Capital and Capitalization - Carrara. As of the date hereof, the authorized share capital of Carrara consists of an unlimited number of Carrara Shares, of which there are 11,987,000 Carrara Shares issued and outstanding. All of the issued and outstanding Carrara Shares have been duly authorized, are validly issued, were not issued in violation of any pre-emptive rights and are fully paid and non-assessable, are not subject to pre-emptive rights and were issued in full compliance with the laws of its jurisdiction of organization and Carrara's notice of articles and articles. With the exception of 373,700 Carrara Agent's Options and 800,000 Carrara Options, there are no outstanding options, warrants, subscriptions, conversion rights, or other rights, agreements, or commitments obligating Carrara to issue any additional Carrara Shares, or any other securities convertible into, exchangeable for, or evidencing the right to subscribe for or acquire from Carrara any Carrara Shares. There are no agreements purporting to restrict the transfer of the Carrara Shares, no voting agreements, shareholders' agreements, voting trusts, or other arrangements restricting or affecting the voting of the Carrara Shares.

5.5 Reporting Issuer Status. Carrara is (i) a reporting issuer (within the meaning of Applicable Laws) in the Provinces of British Columbia, Alberta and Ontario (collectively, the "**Qualifying Jurisdictions**"); and (ii) is not in default of any of the requirements of the Applicable Laws of the Qualifying Jurisdictions.

5.6 No Cease Trade. Carrara is not subject to any cease trade or other order of any applicable stock exchange or Securities Authority and, to the knowledge of Carrara, no investigation or other proceedings involving Carrara that may operate to prevent or restrict trading of any securities of Carrara are currently in progress or pending before any applicable stock exchange or Securities Authority.

5.7 Directors and Officers. The duly elected or appointed directors and the duly appointed officers of Carrara are as listed on Schedule "B".

5.8 Corporate Records. The corporate records of Carrara, as required to be maintained by it pursuant to the laws of its jurisdiction of organization, are accurate, complete and current in all material respects, and the minute books of Carrara are, in all material respects, correct and contain all material records required by Applicable Laws of such jurisdiction in regards to all proceedings, consents, actions and meetings of the shareholders and the board of directors of Carrara.

5.9 Subsidiaries. With the exception of Subco and this Agreement, Carrara does not have any subsidiaries or agreements of any nature to acquire any subsidiary or to acquire or lease any other business operations.

5.10 Non-Contravention. Neither the execution, delivery and performance of this Agreement, nor the consummation of the Amalgamation, shall:

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

in each case, which would, individually or in the aggregate, have a Material Adverse Effect on Carrara.

5.11 Validity of Carrara Shares Issuable to PMI Shareholders. The Carrara Shares to be issued to the PMI Shareholders in connection with the Amalgamation shall be issued as fully paid and non-assessable Carrara Shares, free and clear of any and all Encumbrances, except those imposed pursuant to the escrow restrictions of the CSE or Applicable Laws.

5.12 Litigation. To the knowledge of Carrara, there is no claim, charge, arbitration, grievance, action, suit, investigation or proceeding by or before any court, arbiter, administrative agency or other Governmental Entity now pending or, to the knowledge of Carrara, threatened against Carrara, which involves any of the business, or the properties or assets of Carrara that, if

adversely resolved or determined, would, individually or in the aggregate, have a Material Adverse Effect on Carrara. Nor is Carrara aware of any reasonable basis for any claim or action that, based upon the likelihood of its being asserted and its success if asserted, would, individually or in the aggregate, have a Material Adverse Effect on Carrara.

5.13 Compliance.

- (a) To the knowledge of Carrara and except with respect to matters relating to the environment or Environmental Laws, which are addressed in Section 5.20, Carrara is in compliance with, is not in default or violation in any material respect under, and has not been charged with or received any notice at any time of any material violation of any Applicable Law;
- (b) To the knowledge of Carrara, Carrara is not subject to any Order entered in any lawsuit or proceeding applicable to its business and operations that would, individually or in the aggregate, have a Material Adverse Effect on Carrara; and
- (c) Carrara has duly filed all reports and returns required to be filed by it with Governmental Entities and has obtained all governmental permits and other governmental consents, except as may be required after the execution of this Agreement. All of such permits and consents are in full force and effect, and no proceedings for the suspension or cancellation of any of them, and no investigation relating to any of them, is pending or to the knowledge of Carrara, threatened, and none of them shall be affected in a material adverse manner by the consummation of the Amalgamation.

5.14 Consents, Filings and Approvals. No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other person is required to be obtained by Carrara in connection with the execution and delivery of this Agreement or the consummation by Carrara of the transactions contemplated hereby other than:

- (a) the filing of the Amalgamation Application with the Registrar;
- (b) filings with, and approvals by, the Securities Authorities; and
- (c) any other consents, approvals, Orders, authorizations, declarations or filings which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Effect on Carrara.

5.15 No Default. Carrara is not in default under, and, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute a default by Carrara under any Contract of Carrara, licence, permit or other instrument that is material to the conduct of the business of Carrara to which it is a party or by which it is bound or subject to that would, individually or in the aggregate, have a Material Adverse Effect on Carrara. No party to any Contract of Carrara has given written notice to Carrara of, or made a claim against, Carrara with respect to any breach or default thereunder, in any such case in which such breach or default constitutes a Material Adverse Effect on Carrara.

5.16 Securities Filing. All documents previously published or filed by Carrara with the Securities Authorities in the Qualifying Jurisdictions (the "**Carrara Public Record**") contain no

untrue statement of a material fact as at the date thereof nor do they omit to state a material fact which, at the date thereof, was required to have been stated or was necessary to prevent a statement that was made from being false or misleading in the circumstances in which it was made and were prepared in accordance with and comply with Applicable Laws of the Qualifying Jurisdictions and Carrara is not in default of its filings under, nor has it failed to file or publish any document required to be filed or published under, Applicable Laws of the Qualifying Jurisdictions, except for the filing of any report of exempt distribution required by NI 45-106 in relation to any financing conducted in connection with, or as permitted by, this Agreement. Carrara has not filed any confidential material change or other report or other document with any Securities Authorities or stock exchange or other self-regulatory authority which at the date hereof remains confidential.

5.17 Financial Representations. Included with the Carrara Public Record are true, correct, and complete copies of audited balance sheets for Carrara dated July 31, 2016 (the "**Carrara Accounting Date**"), together with the auditor's report thereon, and unaudited balance sheets for Carrara for the six months ended January 31, 2017, together with related statements of income, cash flows, and changes in shareholder's equity for such fiscal years and the interim period then ended (collectively, the "**Carrara Financial Statements**"). The Carrara Financial Statements:

- (a) are in accordance with the books and records of Carrara;
- (b) present fairly the financial condition of Carrara as of the respective dates indicated and the results of operations for such periods; and
- (c) have been prepared in accordance with IFRS.

Carrara has not received any advice or notification from its auditors that Carrara has used any improper accounting practice that would have the effect of not reflecting or incorrectly reflecting in the Carrara Financial Statements or the books and records, properties, assets, Liabilities, revenues or expenses of Carrara. The books, records, and accounts of Carrara accurately and fairly reflect, in reasonable detail, the assets and Liabilities of Carrara. Carrara has not engaged in any transaction, maintained any bank account, or used any funds of Carrara, except for transactions, bank accounts and funds which have been and are reflected in the normally maintained books and records of Carrara.

5.18 Absence of Undisclosed Liabilities. Except for legal and accounting costs incurred in connection with the transaction contemplated by this Agreement, Carrara does not have any Liabilities or obligations either direct or indirect, matured or unmatured, absolute, contingent or otherwise that individually exceed \$5,000, which:

- (a) are not set forth in the Carrara Financial Statements or have not heretofore been paid or discharged;
- (b) did not arise in the regular and ordinary course of business under any agreement, Contract, lease or plan specifically disclosed in writing to PMI; or
- (c) have not been incurred in amounts and pursuant to practices consistent with past business practice, in or as a result of the regular and ordinary course of its business since the date of the last Carrara Financial Statements.

5.19 Insurance. Carrara maintains policies of insurance in amounts and in respect of such risks as are normal and usual for companies of a similar size and business and such policies are in full force and effect as of the date hereof.

5.20 Environmental. To the knowledge of Carrara:

- (a) Carrara is in compliance in all material respects with Environmental Laws;
- (b) Carrara has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
- (c) there is no material claim or judicial or administrative proceeding which may affect Carrara, or any of the properties or assets of Carrara relating to or alleging any violation of Environmental Laws;
- (d) Carrara holds all licences, permits and approvals required under Environmental Laws in connection with the operation of its business as presently conducted and the ownership and use of its assets, other than those which the failure to hold would not reasonably be expected to have a Material Adverse Effect on Carrara; and
- (e) neither Carrara nor any of its assets is the subject of any investigation, evaluation, audit or review not in the ordinary and regular course of business by any Governmental Entity to determine whether any violation of Environmental Laws has occurred or is occurring, and Carrara is not subject to any known environmental Liabilities.

5.21 Tax Matters.

- (a) As of the date hereof:
 - (i) Carrara has timely filed all Tax Returns in connection with any Taxes which are required to be filed on or prior to the date hereof, taking into account any extensions of the filing deadlines which have been validly granted to it; and
 - (ii) all such Tax Returns are true and correct in all material respects;
- (b) Carrara has paid all Taxes that have become or are due with respect to any period ended on or prior to the date hereof;
- (c) Carrara is not presently under, and has not received notice of, any contemplated investigation or audit by the Canada Revenue Agency or the Internal Revenue Service or any foreign or state taxing authority concerning any fiscal year or period ended prior to the date hereof;
- (d) All Taxes required to be withheld on or prior to the date hereof from employees of Carrara for income taxes, social insurance taxes, unemployment taxes and other similar withholding taxes have been properly withheld and, if required on or

prior to the date hereof, have been deposited with the appropriate Governmental Entity; and

- (e) To the knowledge of Carrara, the Carrara Financial Statements contain full provision for all Taxes, including any deferred Taxes, that may be assessed to Carrara for the accounting period ended on the Carrara Accounting Date or for any prior period in respect of any transaction, event or omission occurring, or any profit earned, on or prior to the Carrara Accounting Date or for any profit earned by Carrara on or prior to the Carrara Accounting Date or for which Carrara is accountable up to such date and all contingent Liabilities for Taxes have been provided for or disclosed in the Carrara Financial Statements.

5.22 Absence of Changes. Since the Carrara Accounting Date, except as disclosed in the Carrara Public Record or as contemplated herein, Carrara has not:

- (a) incurred any Liabilities, discharged or satisfied any Encumbrance, or paid any Liabilities, other than in the ordinary course of business consistent with past practice, or failed to pay or discharge when due any Liabilities of which the failure to pay or discharge has caused or shall cause, individually or in the aggregate, a Material Adverse Effect on Carrara;
- (b) incurred or suffered a Material Adverse Change;
- (c) sold, encumbered, assigned or transferred any material fixed assets or properties;
- (d) created, incurred, assumed or guaranteed any indebtedness for money borrowed, or mortgaged, pledged or subjected any of its material assets or properties to any Encumbrance of any nature whatsoever;
- (e) made or suffered any amendment or termination of any Material Contract to which it is a party or by which it is bound, or cancelled, modified or waived any substantial debts or claims held by it or waived any rights of substantial value, other than in the ordinary course of business;
- (f) declared, set aside or paid any dividend or made or agreed to make any other distribution or payment in respect of its capital shares or redeemed, purchased or otherwise acquired or agreed to redeem, purchase or acquire any of its capital shares or equity securities;
- (g) suffered any damage, destruction or loss, whether or not covered by insurance, that materially and adversely affects its business, operations, assets, properties or prospects;
- (h) received notice or had knowledge of any actual or threatened labour trouble, termination, resignation, strike or other occurrence, event or condition of any similar character, which has had or might have, individually or in the aggregate, a Material Adverse Effect on Carrara;
- (i) made commitments or agreements for capital expenditures or capital additions or betterments;

- (j) other than in the ordinary course of business, increased the salaries or other compensation of, or made any advance (excluding advances for ordinary and necessary business expenses) or loan to, any of its employees, directors or officers or made any increase in, or any addition to, other benefits to which any of its employees, directors or officers may be entitled;
- (k) entered into any transaction other than in the ordinary course of business consistent with past practice;
- (l) made any material change in its accounting methods, principles or practices; or
- (m) agreed, whether in writing or orally, to do any of the foregoing.

5.23 Assets. Carrara has good and marketable title to its assets free and clear of Encumbrances, adverse claims, Orders and demands of any nature or kind whatsoever recorded or unrecorded, except as disclosed in the Carrara Public Record.

5.24 Personal Property. There are no material equipment, furniture, fixtures and other tangible personal property and assets owned or leased by Carrara and that are necessary for Carrara's business as presently conducted, except as disclosed in the Carrara Public Record.

5.25 Employees and Consultants. Carrara has no employees or consultants, except as set forth in Schedule "B". There are no pension, profit sharing, group insurance or similar plans or other deferred compensation plans of any kind whatsoever with respect to the directors, officers or consultants of Carrara; and there are no labour contracts or collective agreements with respect to any employees of Carrara, nor any labour grievance procedures, labour disputes or strikes or union organization campaigns, pending or threatened against Carrara.

5.26 Real Property. Carrara does not own any real property. Each of the leases, subleases, claims or other real property interests (in this Section 5.26, collectively, the "**Leases**") to which Carrara is a party or is bound, as set forth in the Carrara Public Record, are legal, valid, binding, enforceable and in full force and effect in all material respects. All rental and other payments required to be paid by Carrara pursuant to any such Leases have been duly paid and no event has occurred which, upon the passing of time, the giving of notice, or both, would constitute a breach or default by any party under any of the Leases. The Leases shall continue to be legal, valid, binding, enforceable and in full force and effect on identical terms following the Effective Date. Carrara has not assigned, transferred, conveyed, mortgaged, deeded in trust, or encumbered any interest in the Leases or the leasehold property pursuant thereto.

5.27 Material Contracts. Schedule "F" lists each Material Contract to which Carrara is a party, with the exception of this Agreement and the other Carrara Documents. Each Material Contract is in full force and effect, and there exists no material breach or violation of or default by Carrara under any Material Contract, or any event that with notice or the lapse of time, or both, shall create a material breach or violation thereof or default under any Material Contract by Carrara. The continuation, validity, and effectiveness of each Material Contract shall in no way be affected by the consummation of the Amalgamation contemplated by this Agreement. There exists no actual or threatened termination, cancellation, or limitation of, or any amendment, modification, or change to any Material Contract, other than amendments in the ordinary course of business including any required to consummate the transactions contemplated herein.

5.28 Certain Transactions. Carrara is not a guarantor or indemnitor of any indebtedness of any third party, including any person, firm or corporation.

5.29 No Option on Assets. No person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from Carrara of any of the material assets of Carrara.

5.30 Restrictions on Business Activities. Carrara is not a party to, or bound by, any non-competition agreement or any other agreement, obligation or Order that purports to:

- (a) limit the manner or the localities in which all or any material portion of the business of Carrara is conducted;
- (b) limit any business practice of Carrara in any material respect; or
- (c) restrict any acquisition or disposition of any property by Carrara in any material respect.

5.31 No Brokers. Except for finder's fees payable by Carrara in connection with the Carrara Financing, Carrara has not incurred any obligation or liability to any party for any brokerage fees, agent's commissions, or finder's fees in connection with the transactions contemplated by this Agreement.

5.32 Application of Takeover Protections. Carrara and its board of directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under Carrara's articles or notice of articles (or similar charter documents) or the laws of its jurisdiction of incorporation, including any pre-emptive rights or rights of first refusal, that is or could become applicable to Carrara as a result of the transactions under this Agreement or the exercise of any rights pursuant to this Agreement.

5.33 No Commission Enquiries. Except as otherwise disclosed to PMI in writing, neither Carrara nor any of its past or present officers or directors is the subject of any formal or informal inquiry or investigation by any Securities Authority. Carrara currently does not have any outstanding comment letters or other correspondences from any Securities Authority.

5.34 Money Laundering. The operations of Carrara are, and have been, conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the money laundering statutes in all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (in this Section 5.34, collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court, Governmental Entity or non-governmental authority involving Carrara with respect to the Money Laundering Laws is, to the knowledge of Carrara, pending or threatened.

5.35 No Shareholdings in PMI. Carrara does not, legally or beneficially, own, directly or indirectly, any securities of PMI and does not have any right, agreement or obligation to purchase any securities of PMI or any securities or obligations of any kind convertible into or exchangeable for any securities of PMI, except as otherwise set forth in this Agreement.

5.36 Expropriation. No property or asset of Carrara has been taken or expropriated by any Governmental Entity and no notice or proceeding in respect of any such expropriation has been given or commenced and, to the knowledge of Carrara, there is no intent or proposal to give any such notice or commence any such proceeding.

5.37 Right to Use Personal Information. All personal information in the possession of Carrara has been collected, used and disclosed in compliance with all applicable privacy Laws in those jurisdictions in which Carrara is deemed, by operation of law in those jurisdictions, to conduct its business. Carrara has disclosed to PMI all Contracts and facts concerning the collection, use, retention, destruction and disclosure of personal information, and there are no other Contracts, or facts which, on completion of the transactions contemplated by this Agreement, would restrict or interfere with the lawful use of any personal information by Carrara in the operation of its business as conducted by Carrara before the Closing. There are no claims pending or, to the knowledge of Carrara, threatened, with respect to Carrara's collection, use or disclosure of personal information.

5.38 Completeness of Disclosure. No representation or warranty by Carrara in this Agreement nor any certificate, schedule, statement, document or instrument furnished or to be furnished to PMI pursuant hereto contains or shall contain any untrue statement of a material fact or omits or shall omit to state a material fact required to be stated herein or therein or necessary to make any statement herein or therein not materially misleading.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF SUBCO

Subco hereby represents and warrants to PMI and acknowledges that PMI is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement, notwithstanding any investigation made by or on behalf of PMI, as follows:

6.1 Organization and Good Standing. Subco is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, including as such requirements relate to the holding of annual meetings of shareholders, and has the requisite corporate power and authority to own, lease and to carry on its business as now being conducted.

6.2 Licences and Permits. Subco is registered, licensed or otherwise qualified in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, other than those jurisdictions where the failure to be so registered, licensed or otherwise qualified would not have a Material Adverse Effect on Subco.

6.3 Authority, Execution and Delivery.

- (a) Subco has all requisite corporate power and authority to execute and deliver this Agreement and any other document contemplated by this Agreement (collectively with this Agreement, the "**Subco Documents**") to be executed by Subco and to perform its obligations hereunder and to consummate the transactions contemplated hereby.
- (b) The execution and delivery of each of the Subco Documents by Subco and the consummation of the transactions contemplated hereby have been duly authorized

by the board of directors of Subco. No other corporate or securityholder proceedings on the part of Subco are necessary to authorize the execution and delivery of the Subco Documents or to consummate the transactions contemplated hereby. This Agreement has been, and the other Subco Documents when executed and delivered by Subco and as contemplated hereby, shall be, duly executed and delivered by Subco and this Agreement is, and the other Subco Documents when executed and delivered by Subco, and as contemplated hereby, shall be, valid and binding obligations of Subco enforceable in accordance with their respective terms except as limited by: (i) applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally; (ii) laws relating to the availability of specific performance, injunctive relief, or other equitable remedies; and (iii) as limited by public policy.

6.4 Share Capital and Capitalization - Subco. As of the date hereof, the authorized share capital of Subco consists of an unlimited number of Subco Common Shares, of which there are 100 Subco Common Shares issued and outstanding. All of the issued and outstanding Subco Common Shares have been duly authorized, are validly issued, were not issued in violation of any pre-emptive rights and are fully paid and non-assessable, are not subject to pre-emptive rights and were issued in full compliance with the laws of its jurisdiction of organization and Subco's notice of articles and articles. Except for this Agreement, there are no outstanding options, warrants, subscriptions, conversion rights, or other rights, agreements, or commitments obligating Subco to issue any additional Subco Common Shares, or any other securities convertible into, exchangeable for, or evidencing the right to subscribe for or acquire from Subco any Subco Common Shares. There are no agreements purporting to restrict the transfer of any of the Subco Common Shares, no voting agreements, shareholders' agreements, voting trusts, or other arrangements restricting or affecting the voting of the Subco Common Shares.

6.5 Corporate Records. The corporate records of Subco required to be maintained by it pursuant to the laws of its jurisdiction of organization, are accurate, complete and current in all material respects, and the minute books of Subco are, in all material respects, correct and contain all material records required by the laws of such jurisdiction in regards to all proceedings, consents, actions and meetings of the shareholders and the board of directors of Subco.

6.6 Non-Contravention. Neither the execution, delivery and performance of this Agreement, nor the consummation of the Amalgamation, shall:

- (a) violate any provision of the notice of articles or articles of Subco, or any Applicable Laws; or
- (b) violate any Order, writ, injunction, decree, statute, rule, or regulation of any court or Governmental Entity applicable to Subco,

in each case, which would, individually or in the aggregate, have a Material Adverse Effect on Subco.

6.7 Litigation. To the knowledge of Subco, there is no claim, charge, arbitration, grievance, action, suit, investigation or proceeding by or before any court, arbiter, administrative agency or other Governmental Entity now pending or, to the knowledge of Subco, threatened against Subco.

6.8 Consents, Filings and Approvals. No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other person is required to be obtained by Subco in connection with the execution and delivery of this Agreement or the consummation by Subco of the transactions contemplated hereby other than:

- (a) the filing of the Amalgamation Application with the Registrar; and
- (b) any other consents, approvals, Orders, authorizations, declarations or filings which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Effect on Subco.

6.9 No Default. Subco is not in default under, and, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute a default by Subco under any Contract of Subco, licence, permit or other instrument that is material to the conduct of the business of Subco to which any of them is a party or by which any of them is bound or subject to that would, individually or in the aggregate, have a Material Adverse Effect on Subco.

6.10 Absence of Undisclosed Liabilities. Except for legal and accounting costs incurred in connection with the transactions contemplated by this Agreement, Subco has no Liabilities or obligations either direct or indirect, matured or unmatured, absolute, contingent or otherwise that individually exceed \$5,000.

6.11 Assets. Subco has no assets.

6.12 Employees and Consultants. Subco has no employees or consultants.

6.13 Real Property. Subco owns no real property.

6.14 Material Contracts. With the exception of this Agreement and the other Subco Documents, Subco is not a party to any Material Contracts.

6.15 Certain Transactions. Subco is not a guarantor or indemnitor of any indebtedness of any third party, including any person, firm or corporation.

6.16 Completeness of Disclosure. No representation or warranty by Subco in this Agreement nor any certificate, schedule, statement, document or instrument furnished or to be furnished to PMI pursuant hereto contains or shall contain any untrue statement of a material fact or omits or shall omit to state a material fact required to be stated herein or therein or necessary to make any statement herein or therein not materially misleading.

ARTICLE 7 CLOSING CONDITIONS

7.1 Conditions Precedent to Closing by PMI. The obligation of PMI to consummate the Amalgamation is subject to the satisfaction or written waiver of the conditions set forth below by a date mutually agreed upon by the Parties in writing. The Closing shall be deemed to mean a waiver of all conditions to Closing. These conditions precedent are for the benefit of PMI and may be waived by PMI in its discretion.

- (a) Representations and Warranties. The representations and warranties of Carrara

and Subco set forth in this Agreement shall be true, correct and complete in all respects as of the Effective Date, as though made on and as of the Effective Date and each of Carrara and Subco shall have delivered to PMI a certificate dated the Effective Date, to the effect that the representations and warranties made by Carrara and Subco in this Agreement are true and correct.

- (b) Performance. All of the covenants and obligations that Carrara and Subco are required to perform or to comply with pursuant to this Agreement at or prior to Closing shall have been performed and complied with in all material respects. Each of Carrara and Subco shall have delivered each of the documents required to be delivered by it pursuant to this Agreement.
- (c) Effective Date. The Amalgamation Application, in form and substance satisfactory to the Parties, acting reasonably, shall have been filed with the Registrar and the Effective Date shall have occurred on or prior to June 30, 2017.
- (d) Transaction Documents. The Carrara Documents, Subco Documents and all other documents necessary or reasonably required to consummate the transactions contemplated hereby, all in form and substance reasonably satisfactory to PMI, shall have been executed and delivered by Carrara and Subco.
- (e) Mailing of Information Circular. Carrara shall have mailed the Information Circular and other documentation required in connection with the Carrara Meeting on or before March 31, 2017; provided that failure to mail by such date is not caused by a material breach of PMI's covenants under this Agreement.
- (f) Corporate Approvals.
 - (i) Carrara shall have furnished PMI with:
 - (A) a certified copy of the resolutions duly passed by the board of directors of Carrara (1) approving this Agreement and the consummation of the transactions contemplated hereby and directing the submission of the Carrara RTO Resolution for approval by the Carrara Shareholders; and (2) conditionally allotting the aggregate number of Carrara Shares that may be required to be issued in accordance with the terms of this Agreement upon the Amalgamation taking effect; and
 - (B) a certified copy of the minutes of the Carrara Meeting evidencing that the Carrara RTO Resolution was duly passed by not less than 66 2/3% of the votes cast thereon by the Carrara Shareholders at the Carrara Meeting; and
 - (ii) Subco shall have furnished PMI with a certified copy of the resolutions duly passed by the board of directors of Subco approving this Agreement and the consummation of the transactions contemplated hereby.
- (g) Third Party Consents. PMI shall have received duly executed copies of all third party consents, permits, authorizations and approvals of any Governmental Entity

or person or entity contemplated by this Agreement obtained by Carrara, in the form and substance reasonably satisfactory to PMI.

- (h) Delivery of Treasury Order. Carrara shall have delivered to the Depository, for the benefit of the holders of PMI Shares who shall receive Carrara Shares in connection with the Amalgamation, certificates representing the maximum number of Carrara Shares that are issuable to the PMI Shareholders in connection with the Amalgamation, an irrevocable direction authorizing and directing the Depository to issue and distribute the Carrara Shares issuable under this Agreement to the PMI Shareholders who are entitled to receive Carrara Shares, in accordance with the terms of Sections 3.6 and 3.7 and the Letters of Transmittal received from PMI Shareholders, such Carrara Shares to be free trading and free and clear of any and all Encumbrances, except those pursuant to any relevant CSE policies or Applicable Laws.
- (i) Property Option Agreements. Carrara shall have terminated and extinguished all of its obligations and Liabilities under its existing mineral property option agreement for the Boomerang property and delivered evidence of same to PMI.
- (j) Financing. The Carrara Financing shall have closed; provided that, such closing may be concurrent with Closing, and Carrara shall have received the funds pursuant to the Carrara Financing.
- (k) Share Consolidation. Carrara shall have received CSE approval for the Share Consolidation and shall have completed the Share Consolidation prior to Closing.
- (l) CSE Listing. The Amalgamation shall have been conditionally approved by the CSE and the CSE shall have conditionally approved the Listing of the Carrara Shares issuable to the PMI Shareholders pursuant to this Agreement on or before June 30, 2017.
- (m) No Material Adverse Change. None of Carrara or Subco shall have incurred or suffered a Material Adverse Change since the date of this Agreement until Closing.
- (n) No Action. No suit, action, or proceeding shall be pending or threatened against any of the Parties which would:
 - (i) prevent the consummation of any of the transactions contemplated by this Agreement; or
 - (ii) cause the Amalgamation to be rescinded following consummation.
- (o) No Injunction or Orders. There shall be no Order that would restrain or enjoin the consummation of the Amalgamation nor shall there be any law, ruling, order or decree in force, and no action shall have been taken under any law or by any Governmental Entity that makes it illegal or otherwise, directly or indirectly, restrains, enjoins or prohibits the completion of the transactions contemplated by this Agreement.

- (p) Outstanding Securities. Immediately prior to the Closing, Carrara shall have no more than (i) 3,995,667 Carrara Shares; (ii) 266,667 Carrara Options (post-Share Consolidation); and (iii) 124,567 Carrara Agent's Options (post-Share Consolidation) issued and outstanding, excluding the Carrara Shares and the Carrara Warrants to be issued in connection with the Carrara Financing.
- (q) Due Diligence Review of Financial Statements. PMI and its accountants shall be reasonably satisfied with their due diligence investigation and review of the Carrara Financial Statements prepared in accordance with IFRS, the Carrara Public Record, and the contents thereof.
- (r) Due Diligence Generally. PMI and its solicitors shall be reasonably satisfied with their due diligence investigation of Carrara and Subco that is reasonable and customary in a transaction of a similar nature to that contemplated by this Agreement, including:
 - (i) a review of materials, documents and information in the possession and control of Carrara and Subco which are reasonably germane to the Amalgamation;
 - (ii) a physical inspection of the assets of Carrara and Subco by PMI or its representatives; and
 - (iii) an examination of title to the material assets of Carrara and Subco.
- (s) Resignations. PMI shall have received written resignations from Stephen Butrenchuk and Robert Coltura as officers of Carrara and Stephen Butrenchuk, Robert Coltura and A. Salman Jamal as directors of Carrara, effective as of the Effective Date, in form and substance reasonably satisfactory to PMI.

7.2 Conditions Precedent to Closing by Carrara and Subco. The obligation of Carrara and Subco to consummate the transactions contemplated by this Agreement is subject to the satisfaction or written waiver of the conditions set forth below by a date mutually agreed upon by the Parties in writing. The Closing of the Amalgamation contemplated by this Agreement shall be deemed to mean a waiver of all conditions to Closing. These conditions precedent are for the benefit of Carrara and Subco and may be waived by Carrara and Subco in their sole discretion.

- (a) Representations and Warranties. The representations and warranties of PMI set forth in this Agreement shall be true, correct and complete in all respects as of the Effective Date, as though made on and as of the Effective Date and PMI shall have delivered to Carrara a certificate dated as of the Effective Date, to the effect that the representations and warranties made by PMI in this Agreement are true and correct.
- (b) Performance. All of the covenants and obligations that PMI is required to perform or to comply with pursuant to this Agreement at or prior to Closing shall have been performed and complied with in all material respects.
- (c) Effective Date. The Amalgamation Application, in form and substance satisfactory to each of the Parties, acting reasonably, shall have been filed with

the Registrar and the Effective Date shall have occurred on or prior to June 30, 2017.

- (d) Transaction Documents. The PMI Documents and all other documents necessary or reasonably required to consummate the transactions contemplated hereby, all in form and substance reasonably satisfactory to Carrara, shall have been executed and delivered to Carrara.
- (e) Mailing of Information Circular. PMI shall have mailed the Information Circular and other documentation required in connection with the PMI Meeting on or before March 31, 2017; provided that failure to mail by such date is not caused by a material breach of Carrara or PMI's covenants under this Agreement.
- (f) Corporate Approvals. PMI shall have furnished Carrara with:
 - (i) a certified copy of the resolutions duly passed by the board of directors of PMI approving this Agreement and the consummation of the transactions contemplated hereby and directing the submission of the PMI Amalgamation Resolution for approval by the PMI Shareholders; and
 - (ii) a certified copy of the minutes of the PMI Meeting evidencing that the PMI Amalgamation Resolution was duly passed by not less than 66 2/3% of the votes cast thereon by the PMI Shareholders at the PMI Meeting;
- (g) Dissent Rights. Holders of not greater than 10% of the outstanding PMI Shares shall not have exercised Dissent Rights that have not been withdrawn as at the Effective Date.
- (h) Third Party Consents. Carrara shall have received duly executed copies of all third party consents, permits, authorizations and approvals of any Governmental Entity or person or entity contemplated by this Agreement obtained by PMI, in form and substance reasonably satisfactory to Carrara.
- (i) Escrow Agreement. The PMI Shareholders who, after Closing and at the time of the application by Carrara for the Listing to the CSE shall be Related Persons of Carrara, shall have entered into the Escrow Agreement and shall have duly deposited the Escrowed Securities with the Escrow Agent to hold such Escrowed Securities in accordance with the terms of the Escrow Agreement.
- (j) No Material Adverse Change. PMI shall not have incurred or suffered a Material Adverse Change since the date of this Agreement until Closing.
- (k) No Action. No suit, action, or proceeding shall be pending or threatened against any of the Parties which would:
 - (i) prevent the consummation of any of the transactions contemplated by this Agreement; or
 - (ii) cause the Amalgamation to be rescinded following consummation.

- (l) No Injunction or Orders. There shall be no Order that would restrain or enjoin the consummation of the Amalgamation nor shall there be any law, ruling, order or decree in force, and no action shall have been taken under any law or by any Governmental Entity that makes it illegal or otherwise, directly or indirectly, restrains, enjoins or prohibits the completion of the transactions contemplated by this Agreement.
- (m) Outstanding Securities. On the Effective Date, PMI shall have no more than 40,629,408 PMI Shares and 3,950,000 PMI Options issued and outstanding, excluding any PMI Shares issued in connection with the PMI Financing, and shall have no issued and outstanding PMI Warrants except for those issued in connection with the PMI Financing.
- (n) Due Diligence Review of Financial Statements. Carrara and its accountants shall be reasonably satisfied with their due diligence investigation and review of the PMI Financial Statements, prepared in accordance with IFRS.
- (o) Due Diligence Generally. Carrara and its solicitors shall be reasonably satisfied with their due diligence investigation of PMI that is reasonable and customary in a transaction of a similar nature to that contemplated by this Agreement, including:
 - (i) a review of materials, documents and information in the possession and control of PMI which are reasonably germane to the Amalgamation;
 - (ii) a physical inspection of the assets of PMI by Carrara or its representatives; and
 - (iii) an examination of title to the material assets of PMI.
- (p) Compliance with Securities Laws. Carrara shall be satisfied, acting reasonably, that the Carrara Shares issuable in connection with the Amalgamation shall be issuable in reliance upon an exemption from the prospectus and registration requirements of the Securities Act.
- (q) U.S. Securities Laws. Carrara shall be satisfied, acting reasonably, that the Carrara Shares issuable to the PMI Shareholders that are U.S. Persons shall be issuable in accordance with Applicable Laws and in accordance with transactions that do not require registration under the 1933 Act or applicable state securities laws.

ARTICLE 8 ADDITIONAL COVENANTS OF THE PARTIES

8.1 Access and Investigation. Between the date of this Agreement and the Effective Date, the Parties, shall, and shall cause each of their respective representatives to:

- (a) afford the other and its representatives full and free access to its personnel, properties, assets, Contracts, books and records, and other documents and data;
- (b) furnish the other and its representatives with copies of all such Contracts, books

and records, and other existing documents and data as required by this Agreement and as the other may otherwise reasonably request; and

- (c) furnish the other and its representatives with such additional financial, operating, and other data and information as the other may reasonably request.

All of such access, investigation and communication by each of the Parties and each of their respective representatives shall be conducted during normal business hours and in a manner designed not to interfere unduly with the normal business operations of the other. Each of Carrara and PMI shall instruct its auditors to co-operate with the other Party and its representatives in connection with such investigations.

8.2 Confidentiality. All information regarding the business of PMI including, without limitation, financial information that PMI provides to Carrara during Carrara's due diligence investigation of PMI shall be kept in strict confidence by Carrara and shall not be used (except in connection with due diligence), dealt with, exploited or commercialized by Carrara or disclosed to any third party (other than Carrara's professional accounting and legal advisors) without the prior written consent of PMI. If the Amalgamation contemplated by this Agreement does not proceed for any reason, then upon receipt of a written request from PMI, Carrara shall immediately return to PMI or destroy (or as otherwise directed by PMI) any information received regarding PMI's business. Likewise, all information regarding the business of Carrara including, without limitation, financial information that Carrara provides to PMI during PMI's due diligence investigation of Carrara shall be kept in strict confidence by PMI and shall not be used (except in connection with due diligence), dealt with, exploited or commercialized by PMI or disclosed to any third party (other than PMI's professional accounting and legal advisors) without the prior written consent of Carrara. If the Amalgamation contemplated by this Agreement does not proceed for any reason, then upon receipt of a written request from Carrara, PMI shall immediately return to Carrara or destroy (or as otherwise directed by Carrara) any information received regarding Carrara's business.

8.3 Notification. Between the date of this Agreement and the Effective Date, each of the Parties shall promptly notify the other Parties in writing if it becomes aware of any fact or condition that causes or constitutes a material breach of any of its representations and warranties, had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. Should any such fact or condition require any change in the schedules relating to such Party, such Party shall promptly deliver to the other Parties a supplement to the schedules specifying such change. During the same period, each Party shall promptly notify the other Parties of the occurrence of any material breach of any of its covenants in this Agreement or of the occurrence of any event that may make the satisfaction of such conditions impossible or unlikely.

8.4 Conduct of the Parties' Business Prior to Closing. From the date of this Agreement to the Effective Date, and except to the extent that Carrara otherwise consents in writing, PMI shall operate its business substantially as presently operated and only in the ordinary course and in compliance with all Applicable Laws, and use its best efforts to preserve intact its good reputation and present business organization and to preserve its relationships with persons having business dealings with it. Likewise, from the date of this Agreement to the Effective Date, and except to the extent that PMI otherwise consents in writing, each of Carrara and Subco shall operate its business substantially as presently operated and only in the ordinary course and in

compliance with all Applicable Laws, and use its best efforts to preserve intact its good reputation and present business organization and to preserve its relationships with persons having business dealings with it.

8.5 Correspondence and Filings. From the date of this Agreement to the Closing Date and except for proxies and other non-substantive communications with the PMI Shareholders, PMI shall (i) furnish promptly to Carrara a copy of each notice, report, schedule or other document delivered, filed or received by PMI in connection with the Amalgamation, any filings under Applicable Laws and any dealings with regulatory agencies in connection with the transactions contemplated herein; (ii) make other necessary filings and applications under Applicable Laws required on the part of PMI in connection with the transactions contemplated herein; and (iii) take all reasonable action necessary to be in compliance with such Applicable Laws; Likewise, from the date of this Agreement to the Effective Date and except for proxies and other non-substantive communications with the Carrara Shareholders, Carrara shall (i) furnish promptly to PMI a copy of each notice, report, schedule or other document delivered, filed or received by either Carrara or Subco in connection with the Amalgamation or the Listing, any filings under Applicable Laws and any dealings with regulatory agencies in connection with the transactions contemplated herein; (ii) make other necessary filings and applications under Applicable Laws and regulations required on the part of either Carrara or Subco in connection with the transactions contemplated herein; and (iii) take all reasonable action necessary to be in compliance with such Applicable Laws;

8.6 Certain Acts Prohibited – PMI. Except as expressly contemplated by this Agreement or for purposes in furtherance of this Agreement, between the date of this Agreement and the Effective Date, PMI shall not, without the prior written consent of Carrara:

- (a) amend its notice of articles, articles or other constating documents;
- (b) incur any Liability or obligation other than in the ordinary course of business or encumber or permit any Encumbrance of any properties or assets of PMI, except in the ordinary course of business;
- (c) dispose of or contract to dispose of any PMI property or assets, including the Intellectual Property Assets, except in the ordinary course of business consistent with past practice;
- (d) issue, deliver, sell, pledge or otherwise encumber or subject to any lien any PMI Shares, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities, except for the issuance of PMI Shares and PMI Warrants in connection with the PMI Financing and the issuance of PMI Shares for the convertible debt disclosed in this Agreement; provided that PMI may acquire any asset or business or entity prior to the completion of the Amalgamation in exchange for cash and/or securities of PMI, and the Parties shall make such amendments to this Agreement, as is reasonably necessary with respect to such acquisition;
- (e) declare, set aside or pay any dividends on, or make any other distributions in respect of the PMI Shares;
- (f) split, combine or reclassify any PMI Shares or issue or authorize the issuance of

any other securities in respect of, in lieu of or in substitution for PMI Shares; or

- (g) materially increase benefits or compensation expenses of PMI, other than as contemplated by the terms of any employment agreement in existence on the date of this Agreement, increase the cash compensation of any director, executive officer or other key employee or pay any benefit or amount not required by a plan or arrangement as in effect on the date of this Agreement to any such person.

8.7 Certain Acts Prohibited – Carrara and Subco. Except as expressly contemplated by this Agreement, between the date of this Agreement and the Effective Date, neither Carrara nor Subco shall, without the prior written consent of PMI:

- (a) amend its notice of articles, articles or other constating documents;
- (b) incur any liability or obligation or encumber or permit the encumbrance of any properties or assets of Carrara or Subco, except in the ordinary course of business consistent with past practice;
- (c) dispose of or contract to dispose of any Carrara or Subco property or assets, except in the ordinary course of business consistent with past practice;
- (d) issue, deliver, sell, pledge or otherwise encumber or subject to any lien any Carrara Shares or Subco Common Shares, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities, except for the issuance of Carrara Shares and Carrara Warrants in connection with the Carrara Financing;
- (e) declare, set aside or pay any dividends on, or make any other distributions in respect of the Carrara Shares;
- (f) with the exception of the Share Consolidation, split, combine or reclassify any Carrara Shares or Subco Common Shares or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for Carrara Shares or Subco Common Shares; or
- (g) materially increase benefits or compensation expenses of Carrara or Subco, other than as contemplated by the terms of any employment agreement in existence on the date of this Agreement, increase the cash compensation of any director, executive officer or other key employee or pay any benefit or amount not required by a plan or arrangement as in effect on the date of this Agreement to any such person.

8.8 Public Announcements. The Parties each agree that they shall not release or issue any reports or statements or make any public announcements relating to this Agreement or the Amalgamation contemplated herein without the prior written consent of the other, except as may be required upon written advice of counsel to comply with Applicable Laws after consulting with the other Party and seeking their reasonable consent to such announcement.

8.9 Name Change. Concurrently with Closing, Carrara and PMI shall take all necessary steps to change Carrara's corporate name to "PreveCeutical Medical Inc." or such other corporate

name as the Parties may mutually determine, and which is acceptable to the Registrar and the CSE.

8.10 Carrara Board of Directors. The current directors of Carrara shall adopt resolutions appointing four nominees of PMI as directors of Carrara, namely Stephen Van Deventer (Chairman), Kimberly Van Deventer, Brian Harris and Greg Reid, and shall accept the resignations of Stephen Butrenchuk, Robert Coltura and A. Salman Jamal, which appointments and resignations shall be effective on Closing. Carrara shall prepare and make all required filings under the BCBCA and Applicable Laws in connection with the change of directors.

8.11 Carrara Officers. The current directors of Carrara shall adopt resolutions appointing the following nominees of PMI as officers of Carrara, namely, Stephen Van Deventer (as Chief Executive Officer), Kimberly Van Deventer (as President), Brian Harris (as VP Corporate Development), Shabira Rajan (as Chief Financial Officer and Controller), Mak Jawadekar (as Chief Science Officer), Nicole Goncalves-Krysinski (as Chief Legal Officer) and Alicia Rebman (VP Marketing and Advertising), and shall accept the resignations of Stephen Butrenchuk (as President and Chief Executive Officer) and Robert Coltura (as Chief Financial Officer and Corporate Secretary), which appointments and resignations shall be effective on Closing.

8.12 Validity of Carrara Shares Issuable to PMI Shareholders. The Carrara Shares to be issued to the PMI Shareholders in connection with the Amalgamation shall be issued as fully paid and non-assessable Carrara Shares, free and clear of any and all Encumbrances, except those imposed pursuant to the escrow restrictions of the CSE or Applicable Laws.

ARTICLE 9 CLOSING

9.1 Closing. The Closing shall take place on the Effective Date at the offices of the lawyers for Carrara or at such other location as agreed to by the Parties. Notwithstanding the location of the Closing, each of the Parties agree that the Closing may be completed by the exchange of undertakings between the respective legal counsel for the Parties, provided such undertakings are satisfactory to each Party's respective legal counsel.

9.2 Closing Deliveries of PMI. At Closing, PMI shall deliver or cause to be delivered the following, fully executed and in form and substance reasonably satisfactory to Carrara:

- (a) copies of all resolutions and/or consent actions adopted by or on behalf of the PMI Shareholders and the board of directors of PMI evidencing approval of this Agreement and the Amalgamation;
- (b) all certificates and other documents required by Section 7.2, including a certificate of an officer of PMI, dated as of the Effective Date, certifying that:
 - (i) each covenant and obligation of PMI has been complied with; and
 - (ii) each representation, warranty and covenant of PMI is true and correct at Closing as if made on and as of Closing;
- (c) the PMI Documents and any other necessary documents, each duly executed by PMI, as required to give effect to the Amalgamation;

- (d) a copy of the Escrow Agreement, executed by the applicable parties thereto;
- (e) consents to act as a director and/or officer of Carrara, as applicable, from each of Stephen Van Deventer, Kimberly Van Deventer, Brian Harris, Greg Reid, Shabira Rajan, Mak Jawadekar, Nicole Goncalves-Krysinski and Alicia Rebman; and
- (f) all accounting and financial information of PMI, including the PMI Financial Statements.

9.3 Closing Deliveries of Carrara. At Closing, Carrara shall deliver or cause to be delivered the following, fully executed and in form and substance reasonably satisfactory to PMI:

- (a) copies of all resolutions and/or consent actions adopted by or on behalf of the Carrara Shareholders and the board of directors of Carrara evidencing approval of this Agreement and the Amalgamation;
- (b) reasonable evidence of the closing of the Carrara Financing, provided that such closing may be concurrent with Closing;
- (c) all certificates and other documents required by Section 7.1, including a certificate of an officer of Carrara, dated as of the Effective Date, certifying that:
 - (i) each covenant and obligation of Carrara has been complied with; and
 - (ii) each representation, warranty and covenant of Carrara is true and correct at Closing as if made on and as of Closing;
- (d) the resolutions required to effect the changes contemplated in Sections 8.10 and 8.11;
- (e) the resignations as director and/or officer, as applicable, from each of Stephen Butrenchuk, Robert Coltura and A. Salman Jamal; and
- (f) the Carrara Documents and any other necessary documents, each duly executed by Carrara, as required to give effect to the Amalgamation and the Listing.

9.4 Closing Deliveries of Subco. At Closing, Subco shall deliver or cause to be delivered the following, fully executed and in form and substance reasonably satisfactory to PMI:

- (a) copies of all resolutions and/or consent actions adopted by or on behalf of the shareholder and the board of directors of Subco evidencing approval of this Agreement and the Amalgamation;
- (b) all certificates and other documents required by Section 7.1, including a certificate of an officer of Subco, dated as of the Effective Date, certifying that:
 - (i) each covenant and obligation of Subco has been complied with; and
 - (ii) each representation, warranty and covenant of Subco is true and correct at Closing as if made on and as of Closing; and

- (c) the Subco Documents and any other necessary documents, each duly executed by Subco, as required to give effect to the Amalgamation.

ARTICLE 10 TERMINATION

10.1 Termination. This Agreement may be terminated at any time prior to the Effective Date by:

- (a) mutual written agreement of the Parties;
- (b) Carrara or Subco, if there has been a material breach by PMI of any representation, warranty, covenant or agreement set forth in this Agreement that is not cured by the breaching party, to the reasonable satisfaction of Carrara and Subco, within 10 Business Days after notice of such breach is given by Carrara (except that no cure period shall be provided for a breach by PMI that by its nature cannot be cured);
- (c) PMI, if there has been a material breach by Carrara or Subco of any representation, warranty, covenant or agreement set forth in this Agreement that is not cured by Carrara or Subco, to the reasonable satisfaction of PMI, within 10 Business Days after notice of such breach is given by PMI (except that no cure period shall be provided for a breach by Carrara or Subco that by its nature cannot be cured);
- (d) any Party if:
 - (i) the Amalgamation is not (A) accepted by the CSE or the Securities Authorities or (B) approved by the PMI Shareholders and the Carrara Shareholders in accordance with the provisions of the Applicable Laws;
 - (ii) any conditions precedent set out herein are not satisfied, released or waived; or
 - (iii) the Amalgamation contemplated by this Agreement has not been consummated, unless the Parties agree to extend such date in writingin all instances prior to June 30, 2017; or
- (e) Carrara or PMI, if any permanent injunction or other Order of a Governmental Entity preventing the consummation of the Amalgamation contemplated by this Agreement, which injunction or Order has become final and non-appealable.

The date upon which this Agreement is terminated pursuant to this Section 10.1 is referred to herein as the "**Termination Date**".

10.2 Effect of Termination. In the event of the termination of this Agreement as provided in Section 10.1, this Agreement shall be of no further force and effect; provided, however, that no termination of this Agreement shall relieve any Party of liability for any breaches of this Agreement that are based on a wrongful refusal or failure to perform any obligations.

ARTICLE 11 INDEMNIFICATION; SURVIVAL

11.1 Agreement of PMI to Indemnify. PMI shall indemnify, defend, and hold harmless, to the full extent of the law, Carrara and Subco from, against, and in respect of any and all Losses asserted against, relating to, imposed upon, or incurred by Carrara or Subco by reason of, resulting from, based upon or arising out of:

- (a) the breach by PMI of any representation or warranty of PMI contained in or made pursuant to this Agreement, any other PMI Document or any certificate or other instrument delivered pursuant to this Agreement; or
- (b) the breach or partial breach by PMI of any covenant or agreement of PMI made in or pursuant to this Agreement, any other PMI Document or any certificate or other instrument delivered pursuant to this Agreement.

11.2 Agreement of Carrara to Indemnify. Carrara shall indemnify, defend, and hold harmless, to the full extent of the law, PMI from, against, for, and in respect of any and all Losses asserted against, relating to, imposed upon, or incurred by PMI by reason of, resulting from, based upon or arising out of:

- (a) the breach by Carrara or Subco of any representation or warranty of Carrara or Subco contained in or made pursuant to this Agreement, any other Carrara Document, Subco Document or any certificate or other instrument delivered pursuant to this Agreement; or
- (b) the breach or partial breach by Carrara or Subco, as applicable, of any covenant or agreement of Carrara or Subco in or pursuant to this Agreement, any other Carrara Document, Subco Document or any certificate or other instrument delivered pursuant to this Agreement.

11.3 Survival of Representations and Warranties. Each Party is entitled to rely on the representations, warranties and agreements of each of the other Parties and all such representations, warranties and agreements shall be effective regardless of any investigation that any Party has undertaken or failed to undertake. Unless otherwise stated in this Agreement, and except for instances of fraud, the representations, warranties, indemnities and agreements contained herein shall survive the Effective Date and continue in full force and effect until two years after the Effective Date.

ARTICLE 12 NO SOLICITATION

12.1 No Solicitation. During the period commencing on the date hereof and continuing until the first to occur of (i) the Effective Date and (ii) the Termination Date, each of PMI and Carrara agrees that it shall not, directly or indirectly, and shall not authorize or permit any representative to, directly or indirectly, (A) solicit, initiate, encourage, engage in or respond to (other than to decline) any inquiries or proposals regarding any merger, amalgamation, share exchange, business combination, take-over bid, sale or other disposition of its assets, any recapitalization, reorganization, liquidation, material sale or issue of treasury securities or rights or interests therein or thereto or rights or options to acquire any material number of treasury securities or any

type of similar transaction which would or could, in any case, constitute a de facto change of control (in this Article 12, each an "**Acquisition Proposal**"), other than the Amalgamation; (B) encourage or participate in any discussions and/or negotiations regarding any Acquisition Proposal; (C) agree to, approve or recommend an Acquisition Proposal; or (D) enter into any agreement related to an Acquisition Proposal provided, however, that except as hereinafter provided, nothing shall prevent either PMI or Carrara from furnishing non-public information to, or entering into a confidentiality agreement or discussions and/or negotiations with, any person in response to a bona fide unsolicited Acquisition Proposal that is submitted by such person in writing after the date hereof which is not withdrawn if (i) the directors of PMI or Carrara, as the case may be, unanimously conclude in good faith, after consultation with counsel, that such action is required in order for them to comply with their fiduciary obligations under Applicable Laws; and (ii) prior to furnishing such non-public information to, entering into a confidentiality agreement with, or entering into discussions with, such person, PMI or Carrara, as the case may be, gives the other Parties written notice of its intention to furnish non-public information to, enter into a confidentiality agreement with, or enter into discussions with, such person forty-eight (48) hours prior to entering into such confidentiality agreement. PMI or Carrara, as the case may be, shall immediately after the execution hereof terminate all existing discussions or negotiations with any person (other than those ongoing between them) with respect to any potential Acquisition Proposal. Concurrent with the execution hereof PMI or Carrara, as the case may be, shall advise the other Parties of any current Acquisition Proposal and PMI or Carrara, as the case may be, shall promptly notify the other Parties of any future Acquisition Proposal which any of its directors, senior officers or agents is or becomes aware of, any amendment to any of the foregoing or any request for non-public information relating to PMI or Carrara, as the case may be. Such notice shall include a description of the material terms and conditions of any such Acquisition Proposal and the identity of the person making such proposal, inquiry, request or contact.

As used in this Agreement, "de facto change of control" means, with respect to PMI or Carrara, as the case may be, the purchase or sale of 20% or more of the assets of the Party or any purchase or sale of, or tender or exchange offer for, voting securities of the Party that, if consummated, would result in any person (or the shareholders of such person) beneficially owning securities representing 20% or more of the total voting power of the Party.

12.2 Superior Proposals. Each of PMI and Carrara, as the case may be, or their respective directors may, in respect of any Acquisition Proposal received by them prior to the approval by the PMI Shareholders or the Carrara Shareholders, as the case may be, of the Amalgamation, change their recommendation to the PMI Shareholders or Carrara Shareholders, as the case may be, regarding the approval of the PMI Amalgamation Resolution or the Carrara RTO Resolution, as the case may be (in this Article 12, a "**Recommendation Change**"), if prior to the Recommendation Change: (i) they have determined that such Acquisition Proposal constitutes a Superior Proposal (as hereinafter defined) and have advised the other Parties of that fact and their intention to make a Recommendation Change; (ii) the other Parties have been provided with a copy of the document containing such Superior Proposal (with such deletions as are necessary to protect any confidential portions of such document, provided that material terms and conditions of, and the identity of the person making, such Superior Proposal may not be deleted); and (iii) five Business Days have elapsed from the later of the date on which the other Parties received the material required to be provided to it pursuant to (i) and (ii) above. The Parties agree that if any of the other Parties so elects, during the five Business Day period referred to in (iii) above, they and their financial and legal advisors shall negotiate in good faith to make such

adjustments to the terms and conditions of this Agreement as would enable PMI or Carrara, as the case may be, to not make its Recommendation Change, while allowing the board of directors of PMI or Carrara, as the case may be, to comply with their fiduciary duties under Applicable Laws. During such five Business Day period, PMI or Carrara, as the case may be, shall not enter into any agreement in respect of the Superior Proposal with the party making the Superior Proposal; provided, however, that PMI or Carrara, as the case may be, may, during that time, enter into or continue discussions with such party, but such discussions shall in no way affect the rights of the other Parties under this Agreement to require that PMI or Carrara, as the case may be, hold the PMI Meeting or the Carrara Meeting, as applicable and, if the PMI Shareholders or the Carrara Shareholders, as the case may be, approve the PMI Amalgamation Resolution or the Carrara RTO Resolution and the other conditions for the benefit of PMI or Carrara, as the case may be, are satisfied or waived, proceed to complete the Amalgamation.

The board of directors of PMI or Carrara, as the case may be, may communicate to the PMI Shareholders or the Carrara Shareholders, as applicable, their Recommendation Change in such manner as they may elect, including the issuance of a press release and such other communication they determine necessary. The first public announcement or other communication to the PMI Shareholders or the Carrara Shareholders, as the case may be, of the Recommendation Change is referred to in this Article 12 as the "**Change Date**".

At any time following the Change Date, a Party who has not made the Recommendation Change may elect, by notice in writing to the Party who has made such Recommendation Change, to terminate this Agreement pursuant to Section 10.1. Alternatively, and notwithstanding any Recommendation Change, a Party who has not made the Recommendation Change may require the Party who has made such Recommendation Change to hold the PMI Meeting or the Carrara Meeting, as the case may be, and a Party who has not made the Recommendation Change takes no action, it shall be deemed to have not terminated the agreement and the Party who has made the Recommendation Change shall proceed to hold the PMI Meeting or the Carrara Meeting, as the case may be.

As used in this Agreement, "**Superior Proposal**" means a bona fide unsolicited written Acquisition Proposal received after the date hereof that: (i) is not conditional on obtaining financing; and (ii) in respect of which the directors of PMI or Carrara, as the case may be, have unanimously determined in good faith, after consultation with, and receiving advice (which may include a written opinion) from, as appropriate, their financial, legal and other advisors that such Acquisition Proposal would, if consummated in accordance with its terms, result in a transaction which results in the PMI Shareholders or the Carrara Shareholders, as the case may be, receiving consideration of greater value per share than is available to them as a result of the Amalgamation. Each of PMI and Carrara acknowledges that the Amalgamation represents a strategic transaction for PMI and Carrara, and in assessing whether the Acquisition Proposal is a "Superior Proposal" it shall consider the long-term benefits which are offered to the PMI Shareholders or the Carrara Shareholders, as the case may be, by virtue of the business combination contemplated herein.

ARTICLE 13 DISPUTE RESOLUTION

13.1 Arbitration. Any dispute, controversy or claim arising out of or relating to this Agreement, including any question regarding its existence, validity, breach or termination shall be submitted for determination by arbitration through the British Columbia International

Commercial Arbitration Centre, under its *Revised Domestic Commercial Arbitration Rules of Procedure* (in this Article 13, the "**BCICAC Rules**"), in accordance with the following:

- (a) Any Party may refer a matter in dispute hereunder for resolution pursuant to this Article 13. For a period of 30 days after such referral, the Chief Executive Officer or President, as the case may be, of Carrara, Subco and PMI shall attempt to resolve the matter, failing which any of the Parties may refer any such matter to arbitration by written notice to the other Party. Within 10 days after receipt of such notice, the Parties shall use their best efforts to agree on the appointment of a single arbitrator. No person shall be appointed as an arbitrator hereunder unless such person has at least 10 years' experience in the matter or matters that are the subject of the dispute and agrees in writing to act.
- (b) If the Parties cannot agree on a single arbitrator as provided in Section 13.1(a) above, or if the person appointed is unwilling or unable to act, any of the Parties may submit the matter to arbitration before a single arbitrator in accordance with the BCICAC Rules. The number of arbitrators shall be one. The place of arbitration shall be Vancouver, British Columbia and the language to be used in the arbitral proceedings shall be English. The arbitrator shall fix a time and place for the purpose of hearing the evidence and representations of the Parties and he shall preside over the arbitration and determine all questions of procedure not provided for under the BCICAC Rules or this Article 13. After hearing any evidence and representations that the Parties may submit, the arbitrator shall make an award and reduce the same to writing and deliver one copy thereof to each of the Parties. The decision of the arbitrator shall be made within 30 days after his appointment, subject to any reasonable delay due to unforeseen circumstances. The decision of the arbitrator may be entered into any court.
- (c) The expense of the arbitration, including travel costs and attorney's fees and costs of the prevailing Party, shall be paid as specified in the award.
- (d) The award of the single arbitrator shall be final and binding upon all of the Parties.
- (e) Notwithstanding any other provision hereof, during the conduct of dispute resolution procedures pursuant to this Article 13, the Parties shall continue to perform their respective obligations under this Agreement.

ARTICLE 14 MISCELLANEOUS PROVISIONS

14.1 Independent Legal Advice. With respect to the preparation of this Agreement and the rights and obligations herein, each of the Parties acknowledges and agrees that:

- (a) Lotz & Company has acted as counsel only to Carrara and Subco, that all other Parties to this Agreement acknowledge and confirm that they have been advised to seek, and have sought or have otherwise waived, independent legal advice with respect to this Agreement and the documents delivered pursuant thereto and that Lotz & Company is not protecting the rights and interests of any other Party to this Agreement; and

- (b) Nox Law Corporation of the AFL Law Group has acted as counsel only to PMI, that all other Parties acknowledge and confirm that they have been advised to seek, and have sought or waived, independent legal advice with respect to this Agreement and the documents delivered pursuant thereto and that Nox Law Corporation and AFL Law Group are not protecting the rights and interests of any other Party.

14.2 Entire Agreement. This Agreement, the schedules attached hereto and the other documents provided in connection with the Amalgamation contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior arrangements and understandings, both written and oral, expressed or implied, with respect thereto. Any preceding correspondence or offers are expressly superseded and terminated by this Agreement. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Parties other than as expressly set forth in this Agreement.

14.3 Further Assurances. Each of the Parties from time to time shall execute and deliver all such further documents and instruments and do all such acts and things as the other Parties may, either before or after the Effective Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

14.4 Time of the Essence. Time shall be of the essence of this Agreement.

14.5 Amendments and Waiver. No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by all of the Parties. No waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, shall be limited to the specific breach waived.

14.6 Assignment. This Agreement may not be assigned by any Party without the written consent of the other Parties.

14.7 Severability. Should any part of this Agreement be declared or held invalid for any reason, such invalidity shall not affect the validity of the remainder which shall continue in full force and effect and be construed as if this Agreement had been executed without the invalid portion and it is hereby declared the intention of the Parties that this Agreement would have been executed without reference to any portion which may, for any reason, be hereafter declared or held invalid.

14.8 Enurement. This Agreement shall enure to the benefit of the Parties, their respective heirs, successors and permitted assigns.

14.9 Expenses. Each of the Parties shall bear its respective legal costs incurred in connection with the preparation, execution and performance of this Agreement and the transactions contemplated hereby, except as otherwise provided herein and, in particular, Section 2.1.

14.10 Notices. All notices and other communications required or permitted under this Agreement shall be in writing and shall be deemed given if sent by personal delivery, internationally-recognized express courier or registered or certified mail (return receipt requested), postage prepaid, faxed with electronic confirmation of delivery or emailed to the Parties at the following addresses (or at such other address for a Party as shall be specified by

like notice):

If to Carrara or to Subco:

Carrara Exploration Corp.
Suite 200, 551 Howe Street
Vancouver, British Columbia, V6C 2C2

Attention: Robert Coltura, CFO
Facsimile: (604) 683-8605
Email: rcoltura@matalia.ca

With a copy (which shall not constitute notice) to:

Lotz & Company
Suite 1170, 1040 West Georgia Street
Vancouver, British Columbia, V6E 4H1

Attention: Jonathan Lotz
Facsimile: (604) 699-0112
Email: jlotz@lotzandco.com

If to PMI:

PreveCeutical Medical Inc.
5347 Kew Cliff Road
West Vancouver, British Columbia, V7W 1M3

Attention: Stephen Van Deventer, CEO
Facsimile: (604) 608-5442
Email: steve@preveceutical.com

With a copy (which shall not constitute notice) to:

AFL Law Group
5728 East Boulevard
Vancouver, British Columbia, V6M 4M4

Attention: Arash Farahmand
Email: arash@afgllp.com

All such notices and other communications shall be deemed to have been received in the case of personal delivery or email, on the date of such delivery; in the case of a fax, when the Party sending such fax has received electronic confirmation of its delivery; in the case of delivery by internationally-recognized express courier, on the Business Day following dispatch; and in the case of mailing, on the fifth Business Day following mailing. If the Party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such demand, notice or other communication may not be mailed but shall be given by personal delivery or by electronic communication.

14.11 Governing Law and Attornment. 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. Each Party irrevocably consents to the non-exclusive jurisdiction and venue of the courts located at Vancouver, British Columbia with respect to any claim, action or proceeding arising out of or in connection with this Agreement or the transactions contemplated hereby that is required to be determined by the courts after the Parties' compliance with the arbitration provisions of Article 13 of this Agreement; provided that nothing in this Section 14.11 shall undermine the obligation of the Parties to abide by the arbitration provisions of Article 13 of this Agreement.

14.12 Counterparts. This Agreement may be executed in several counterparts and evidenced by a facsimile copy of an original execution page bearing the signature of each Party, each of which when so executed shall be deemed to be an original, and such counterparts or facsimile copies thereof together shall comprise one and the same instrument and, notwithstanding their date of execution, shall be deemed to bear the date as of the date above written.

[Remainder of page intentionally left blank; signature page to follow]

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

Carrara:

CARRARA EXPLORATION CORP.

Per:

"Robert Coltura"
Authorized Signatory
Robert Coltura
Chief Financial Officer

Subco:

1110607 B.C. LTD.

Per:

"Robert Coltura"
Authorized Signatory
Robert Coltura
President

PMI:

PREVECEUTICAL MEDICAL INC.

Per:

"Stephen Van Deventer"
Authorized Signatory
Stephen Van Deventer
Chief Executive Officer and Chairman of
the Board