

**THE SHAREHOLDERS OF 10998451 CANADA INC.**

- and -

**CHEMESIS INTERNATIONAL INC.**

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**SHARE PURCHASE AGREEMENT**

January 9, 2019

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**THIS SHARE PURCHASE AGREEMENT** is made January 9, 2019

**AMONG:**

[Redacted]

- and -

[Redacted]

- and -

[Redacted]

- and -

[Redacted]

- and -

[Redacted]

(each of [Redacted] a “Vendor”  
and collectively, the “Vendors”)

*[Redaction: personal information of selling shareholders]*

- and -

**CHEMESIS INTERNATIONAL INC.**, a corporation existing under  
the laws of the Province of British Columbia (the “Purchaser”),

**RECITALS:**

- A. The Vendors, collectively, beneficially own and control all of the issued and outstanding shares of 10998451 Canada Inc. (the “Corporation”), a corporation existing under the laws of Canada.
- B. 10998451 is the registered and beneficial owner of all of the issued and outstanding securities of La Finca Interactiva Arachna Inc. SAS, a corporation existing under the laws of Colombia.
- C. On and subject to the terms and conditions of this Agreement, the Purchaser wishes to purchase, and the Vendors wish to sell, all of the issued and outstanding Purchased Shares (as defined herein) as listed under Column B under Schedule 3.1 to this Agreement.
- D. Immediately following Closing, the Purchaser will cause the Corporation to be amalgamated with a wholly-owned subsidiary of the Purchaser pursuant to Division 3, Part 9 of the *Business Corporations Act* (British Columbia).

**THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

**ARTICLE 1**  
**DEFINITIONS AND PRINCIPLES OF INTERPRETATION**

**1.1 Definitions**

Whenever used in this Agreement, the following words and terms have the meanings set out below:

**“Accrued Liabilities”** means the operating expenses relating to the Business, incurred in the ordinary course of the business as at the given date but which are not yet due and payable as of the given date and claims against a Party or its subsidiaries that are increasing with the passage of time or receipt of goods or services but are not yet due and payable as of the Closing Time, including expenses for the receipt of goods and services, accruals for vacation pay, employee bonuses, customer rebates or similar amounts owing to customers;

**“Affiliate”** of any Person means, at the time such determination is being made, any other Person Controlling, Controlled by or under common Control with such first Person, in each case, whether directly or indirectly;

**“Agreement”** means this Share Purchase Agreement, including all schedules and exhibits, and all amendments or restatements, as permitted, and references to **“Article”**, **“Section”**, **“Schedule”** or **“Exhibit”** mean the specified Article or Section of, or Schedule or Exhibit to, this Agreement;

**“Anti-Corruption Laws”** means, collectively, with respect to any Person, anti-corruption or anti-bribery laws of all jurisdictions applicable to such Person, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority to which such Person is subject, including the *Corruption of Foreign Public Officials Act* (Canada);

**“Anti-Money Laundering Laws”** means, collectively, with respect to any Person, anti-money laundering laws of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority to which such Person is subject, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada);

**“ASPE”** means Accounting Standards for Private Enterprises, as approved by the Canadian Institute of Chartered Accountants in the Handbook of the Canadian Institute of Chartered Accountants as they exist on the date of this Agreement;

**“Balance Sheet”** means the balance sheet of the Corporation as at December 31, 2017, forming part of the Financial Statements;

**“Books of Account”** means all accounting records and financial statements of the relevant Party and its subsidiaries;

**“Business”** means the business of the Corporation, being the ownership of all of the outstanding securities of Finca, and the business of Finca, being the cultivation of non-psychoactive cannabis plants, as authorized by the Finca License;

“**Business Day**” means any day, other than a Saturday or Sunday, on which banks in Vancouver, British Columbia are open for commercial banking business during normal banking hours;

“**Chemesis Shares**” means the common shares in the capital of the Purchaser to be issued to the Vendors as listed under Column C on Schedule 3.1, in partial satisfaction of the Purchase Price;

“**Claims**” includes claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, informations or other similar processes, assessments or reassessments, judgments, debts, Liabilities, penalties, fines, expenses, costs, damages or losses, contingent, inchoate or otherwise, whether disputed or undisputed, contractual, legal or equitable), and including loss or diminution of value, loss of revenue and loss of profits, professional fees, including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing;

“**Closing**” means the completion of the purchase and sale of the Purchased Shares pursuant to this Agreement;

“**Closing Date**” means January 11, 2019, or such other date as may be agreed to in writing by the parties;

“**Closing Time**” means 9:00 a.m. Vancouver time, on the Closing Date, or such other time on such date as the Parties may agree in writing as the time at which the Closing shall take place;

“**Contracts**” means contracts, licences, leases, agreements, obligations, promises, undertakings, understandings, arrangements, documents, commitments, entitlements or engagements to which a Party is a party or by which any of them are bound or under which a Party has, or will have, any liability or contingent liability (in each case, whether written or oral, express or implied), and includes any quotations, orders, proposals or tenders which remain open for acceptance and warranties and guarantees;

“**Control**” means, in respect of:

- (a) a corporation, the ability of a Person or group of Persons acting in concert to influence the manner in which the business of such corporation is carried on, whether as a result of ownership of sufficient voting shares of such corporation to enable that Person or group of Persons to elect a majority of the directors of such corporation or by contract or otherwise;
- (b) a partnership, trust, syndicate or other entity, actual power or authority to manage and direct the affairs of, or ownership of more than fifty percent (50%) of the transferable beneficial interests in, such entity, and the term “**Controlled**” has a corresponding meaning;

“**Corporation**” means 10998451 Canada Inc., a corporation existing under the laws of Canada;

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

[Redaction: definition related to payment term]

**“Employees”** means individuals employed by the Corporation on a full-time, part-time or temporary basis, including those employees on disability leave, parental leave or other absence;

**“Encumbrances”** means pledges, liens, charges, security interests, leases, title retention agreements, mortgages, restrictions, developments or similar agreements, easements, rights-of-way, title defects, options or adverse claims or encumbrances of any kind or character whatsoever;

**“Environment”** means the environment and natural environment as defined in any Environmental Laws and includes indoor air and any living things;

**“Environmental Approvals”** means permits, certificates, licences, authorizations, consents, agreements, instructions, directions, notices, registrations, approvals or other rights made, issued, granted, conferred or required by a Governmental Authority pursuant to any Environmental Law relating to the operations, business or assets of a Party and its subsidiaries and includes any sewer surcharge or over strength agreements;

**“Environmental Laws”** means Laws relating to the Environment and public health or safety, and includes Laws relating to any sewer system and to the storage, generation, use, handling, manufacture, processing, labelling, advertising, sale, display, transportation, treatment, reuse, recycling, Release and disposal of Hazardous Substances;

**“Environmental Orders”** means Orders issued, filed, imposed or threatened by any Governmental Authority pursuant to any Environmental Laws and include certificates of property use and Orders requiring investigation, assessment, monitoring, managing, controlling, treatment, removal, excavation or remediation of any site or Hazardous Substance, or requiring that any Release or any other activity be reduced, modified, managed, controlled, stopped or eliminated or requiring any form of payment or co-operation be provided to any Governmental Authority;

**“Escrow Agreements”** has the meaning ascribed thereto in Section 3.4;

**“Financial Statements”** means, the internally prepared balance sheet of the Corporation for the portion of the financial year ended December 31, 2018, copies of which are attached as Schedule 5.11;

**“Finca”** means La Finca Interactiva Arachna Inc. SAS, a corporation existing under the laws of Colombia;

**“Finca License”** means the licence for the cultivation of non-psychoactive cannabis plants granted to Finca [REDACTED]

*[Redaction: license numbers]*

**“Governmental Authorities”** means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law, rule or regulation-making organizations or entities:

- (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or



(b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

**“Governmental Authorizations”** means authorizations, approvals, including Environmental Approvals, franchises, Orders, certificates, consents, directives, notices, licences, permits, variances, agreements, instructions, registrations or other rights issued to or required by a Party and its subsidiaries, by or from any Governmental Authority;

**“Hazardous Substances”** means pollutants, contaminants, wastes of any nature, hazardous substances, hazardous materials, toxic substances, prohibited substances, dangerous substances or dangerous goods as defined, judicially interpreted or identified in any Environmental Laws including asbestos, asbestos-containing materials, polychlorinated biphenyls (PCBs) and mould;

**“Indemnified Party”** has the meaning ascribed thereto in Section 10.3;

**“Indemnifying Party”** has the meaning ascribed thereto in Section 10.3;

**“ITA”** means the *Income Tax Act* (Canada);

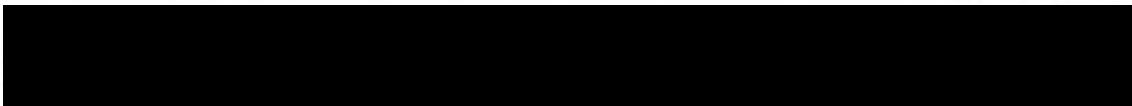
**“Knowledge”** has the meaning ascribed thereto in Section 1.3;

**“Laws”** means applicable laws (including common law or civil law), statutes, by-laws, rules, regulations, Orders, ordinances, protocols, codes, guidelines, treaties, policies, notices, directions, decrees, judgments, awards or requirements, in each case of any Governmental Authority;

**“Letter of Intent”** means the letter of intent dated November 5, 2018, among the Purchaser, the Corporation and the Vendors, as amended by the amendment agreement among such parties dated effective November 30, 2018;

**“Liabilities”** means all costs, expenses (including wages, vacation pay and overtime pay), charges, debts, liabilities, claims, losses, damages, adverse claims, fines, penalties, demands and obligations, assessments or reassessments of any kind or nature (including any deferred or future liability for Taxes), whether primary or secondary, direct or indirect, known or unknown, asserted or unasserted, fixed, contingent or absolute, accrued or unaccrued, matured or unmatured, determined or determinable, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise, voluntarily incurred or otherwise, whenever asserted, and including all costs and expenses relating thereto including all fees, disbursements and expenses of legal counsel, experts, engineers and consultants and costs of investigation, but excluding the aggregate of Accounts Payable, and Accrued Liabilities, each valued and calculated in accordance with ASPE, applied consistently with ASPE and a Party and its subsidiaries’ past practices used in the preparation of Financial Statements;

**“Licenses”** has the meaning ascribed thereto in Section 5.2(a);



*[Redaction: definition related to payment term]*

**“Material Adverse Effect”** means a change, effect or circumstance that, when considered either individually or in the aggregate together with all other adverse changes, effects or circumstances with respect to which such phrase is used in this Agreement, is materially adverse to, or could

reasonably be expected to have a material adverse effect on, the financial condition or results of operations or prospects of the Business, the Corporation or the Purchaser, as applicable;

**“Material Contracts”** means Contracts to which the Corporation or Finca is a party or by which it is bound (a) involving aggregate payments to or by the Corporation or Finca in excess of [Redacted] (b) involving rights or obligations of the Corporation or Finca that may reasonably extend beyond one year and which do not terminate or cannot be terminated by the Corporation or Finca without penalty on less than two months’ notice; (c) which are outside the ordinary course of business; (d) which restrict in any way the business or activities of the Corporation or Finca; or (e) which, if terminated without the consent of the Corporation or Finca, could have an Material Adverse Effect; *[Redaction: commercial term negotiated between the parties]*

**“Non-Competition and Non-Solicitation Agreements”** has the meaning ascribed thereto in Section 7.2;

**“Notice”** has the meaning ascribed thereto in Section 11.3;

**“Orders”** means orders, injunctions, judgments, administrative complaints, decrees, rulings, awards, assessments, directions, instructions, penalties or sanctions issued, filed or imposed by any Governmental Authority or arbitrator, including Environmental Orders;

**“Parties”** means each of the Vendors and the Purchaser collectively, and **“Party”** means any one of them;

**“Person”** means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;

**“Personal Information”** shall have the meaning of such term or like term set forth in the applicable privacy Laws, and shall include, private information about an identifiable individual but does not include business contact information provided the collection, use or disclosure, as the case may be, of the business contact information is for the purposes of contacting an individual in that individual’s capacity as an employee or an official of an organization and for no other purpose and does not personally identify that individual, unless otherwise prohibited by applicable privacy Laws;

[Redacted]

*[Redaction: definition related to payment term]*

**“Purchase Price”** has the meaning ascribed thereto in Section 3.1;

**“Purchased Shares”** means the [Redacted] in the capital of the Corporation, as listed under Column B on Schedule 3.1, representing all of the issued and outstanding shares in the capital of the Corporation; *[Redaction: payment terms]*

**“Purchaser Indemnified Parties”** has the meaning ascribed thereto in Section 10.1;

**“Related Person”** means any Vendor or, any Affiliate thereof or any current or former officer, director, shareholder or Affiliate of the Corporation;

“**Release**” has the meaning prescribed in any Environmental Laws and includes any release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction, whether accidental or intentional;

“**Shareholders’ Agreement**” means the shareholders’ agreement made as of [REDACTED]

[Redaction: personal information of selling shareholders]

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

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

“**Taxing Authority**” means any federal, provincial, state, local or foreign Governmental Authority having responsibility for Taxes;

“**Transferred Information**” means the Personal Information to be disclosed or conveyed to the Purchaser or any of its representatives or agents by or on behalf of the Vendors or the Corporation as a result of or in conjunction with the transactions contemplated by this Agreement, and includes all such Personal Information disclosed to the Purchaser during the period leading up to and including the completion of the transactions contemplated by this Agreement;

[Redaction: definition related payment term]

“**Vendors**” has the meaning ascribed thereto in the preamble to this Agreement.

## 1.2 Certain Rules of Interpretation

In this Agreement:

- (a) **Consent** – Whenever a provision of this Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

- (b) **Currency** – Unless otherwise specified, all references to money amounts are to lawful currency of Canada. “USD” means the lawful currency of the United States of America.
- (c) **Governing Law** – This Agreement is a contract made under and shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in the Province of British Columbia.
- (d) **Headings** – Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.
- (e) **Including** – Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”.
- (f) **No Strict Construction** – The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.
- (g) **Number and Gender** – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.
- (h) **Severability** – If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other Parties or circumstances.
- (i) **Statutory references** – A reference to a statute includes all regulations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.
- (j) **Time** – Time is of the essence in the performance of the Parties’ respective obligations.
- (k) **Time Periods** – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

### 1.3 Knowledge

Any reference to the knowledge means, in the case of the knowledge of the Purchaser, to the best of the knowledge, information and belief of the Purchaser after reviewing all relevant records and making due inquiries regarding the relevant matter of all relevant directors, officers and employees of the Purchaser and, in the case of the knowledge of the Vendors, the knowledge of each of the Vendors and the relevant senior manager or managers of the Corporation after due enquiry, together with such knowledge that such Persons could reasonably be expected to discover after such due enquiry.

#### **1.4 Entire Agreement**

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions and agreements between the Parties in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise, including the Letter of Intent. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

#### **1.5 Schedules**

The schedules to this Agreement, listed below, are an integral part of this Agreement:



*[Redaction: disclosure schedules]*

### **ARTICLE 2 PURCHASE AND SALE**

#### **2.1 Purchase and Sale**

On and subject to the terms and conditions of this Agreement, at the Closing Time, the Vendors shall sell, and the Purchaser shall purchase, legal and beneficial ownership of the Purchased Shares and the Promissory Note, free and clear of all Encumbrances, and with all rights and benefits attaching thereto. The Purchased Shares being sold by each of the Vendors is specified beside such Vendor's name under Column B in Schedule 3.1.

#### **2.2 Place of Closing**

The Closing shall take place at the Closing Time by way of an electronic closing in which the closing documentation will be delivered by electronic mail with exchange of signature pages in pdf or functionally equivalent electronic format, except for the delivery of original share certificates and applicable signed blank stock transfer powers on Closing.

**ARTICLE 3  
PURCHASE PRICE**

**3.1 Purchase Price**

*[Redaction: payment term]*  
The portion of the Purchase Price payable to each of the Vendors is set forth on Schedule 3.1.

**3.2 Satisfaction of Purchase Price**

*[Redaction: payment term]*  
**3.3 Section 85 Elections**

It is intended that the transfer of the Purchased Shares to the Purchaser be, to the maximum extent possible, on a tax-deferred basis to each of the Vendors, as applicable, for purposes of the ITA and applicable provincial income tax statutes.

In order to give effect to this intention, at each Vendor's discretion, such Vendor, on the one hand, and the Purchaser, on the other hand, shall jointly execute elections under subsection 85(1) of the ITA (and any applicable provincial legislation) in respect of the transfer of the Purchased Shares from the Vendor to the Purchaser, and the Purchaser agrees to execute, within the prescribed time limits or at any other moment determined at the sole discretion of the Vendor, the prescribed election forms and any other documents required to give effect to the foregoing, upon such election forms or documents being completed by the Vendor and provided by the Vendor to the Purchaser. The Vendors and the Purchaser agree that the elected amount in such elections shall be determined by the applicable Vendor, subject to the parameters set forth in the ITA and any other applicable laws. The Purchaser will not be responsible for any Taxes, interest or penalties or any other costs or damages resulting from the failure by any Vendor to properly and accurately complete or file the necessary election forms in the form and manner and within the time prescribed by the ITA (or any applicable provincial legislation).

**3.4 Escrow Shares**

Each Vendor shall, upon and as a condition to, Closing, enter into an escrow agreement with the Purchaser, in form and substance acceptable to the Purchaser in its sole and unfettered discretion, pursuant to which such Vendor's Chemesis Shares shall be subject to certain hold periods as described therein (collectively, the "Escrow Agreements").

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES ABOUT THE VENDORS**

Each of the Vendors severally and not jointly, represents and warrants to the Purchaser each of the matters set out below, effective as at the Closing Date, and acknowledges and confirms that the Purchaser is relying upon the accuracy of such representations and warranties in connection with its purchase of the Purchased Shares.

### **4.1 Status of the Vendors and Right to Sell**

- (a) Such Vendor is the sole registered and beneficial owner of the Purchased Shares specified as being owned by such Vendor on Schedule 3.1, free and clear of all Encumbrances. Such Vendor is not party to any voting trust or other agreement with respect to the voting, redemption, sale, pledge, transfer or other disposition of the Purchased Shares specified as being owned by such Vendor in Schedule 3.1. Such Vendor has the exclusive right to dispose of its respective Purchased Shares as provided in this Agreement and such disposition will not violate, contravene, breach or offend against or result in any default under any Contract to which the Corporation or Finca is a party to, charter or by-law provision, Order, judgment, decree, licence, permit or Law, to which the Vendor is a party or subject or by which such Vendor is bound or affected. The Purchased Shares are not subject to the terms of any shareholders agreement.
- (b) No Person, other than the Purchaser, has any agreement, option, understanding, or commitment, or any right or privilege (whether by law, pre-emptive right, or contractual provision) capable of becoming an agreement, option, or commitment, for the purchase or other acquisition of any of the Purchased Shares from such Vendor.

### **4.2 Due Authorization and Enforceability of Obligations**

Such Vendor has the individual legal capacity under the laws of the Province of British Columbia, the federal laws of Canada, or the laws of Colombia, as applicable, to enter into this Agreement and the other agreements contemplated herein, and to carry out his/her obligations hereunder and thereunder. This Agreement and the other agreements to be entered into by such Vendor pursuant hereto constitute legal, valid and binding obligations of such Vendor, enforceable against such Vendor in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other Laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

### **4.3 Absence of Conflicts**

Such Vendor is not a party to, bound or affected by or subject to any (a) Contract, (b) charter or by-law, or (c) Laws or Governmental Authorizations, that would be violated, breached by, or under which default would occur or an Encumbrance would be created, with or without notice or the passage of time, as a result of the execution and delivery of, or the performance of obligations under, this Agreement or any other agreement to be entered into under the terms of this Agreement.

**4.4 Reserved.**

**4.5 Contractual and Regulatory Approvals**

No approval, Order, permit, license, certification, authorization, consent of, notice to, or filing with any Governmental Authority or other Person is required on the part of such Vendor in connection with the execution, delivery and performance of this Agreement or any other documents and agreements to be delivered under this Agreement or the performance of the obligations of the Vendors under this Agreement or any other documents and agreements to be delivered under this Agreement.

**ARTICLE 5  
REPRESENTATIONS AND WARRANTIES ABOUT THE CORPORATION AND FINCA**

Each of the Vendors jointly and severally, represents and warrants to the Purchaser each of the matters set out below, effective as at the Closing Date, and acknowledges and confirms that the Purchaser is relying upon the accuracy of such representations and warranties in connection with the purchase of the Purchased Shares.

**5.1 Incorporation and Corporate Power**

The Corporation is a corporation duly incorporated and validly existing under the laws of the Canada. The Corporation has all necessary corporate power, authority and capacity to own, lease and operate its assets and to carry on its business as presently conducted. All necessary corporate action on the part of the Corporation has been taken to permit the transfer of the Purchase Shares pursuant to this Agreement.

**5.2 Registration and Licenses**

- (a) Each of the Corporation and Finca holds all licenses, permits, registrations and qualifications (collectively, the “**Licenses**”) in each jurisdiction in which the nature or conduct of the business of each of the Corporation and Finca or any part thereof or the nature of the assets or properties of the Corporation and Finca makes such qualification necessary or desirable to enable the business to be carried on as now conducted or to enable the assets or properties of the Corporation and Finca to be owned, leased, and operated, including the Finca License.
- (b) All of the Licenses are valid and subsisting, and each of the Corporation and Finca operates and has operated the business in material compliance with all terms and conditions of the Licenses, and there are no proceedings in progress, pending, or to the knowledge of the Vendors, threatened, that could result in the revocation, cancellation or suspension of any License.

**5.3 Finca License**

The Finca License is valid and subsisting and Finca operates and has operated in compliance with all terms and conditions of the Finca License, and there are no proceedings in progress, pending, or to the knowledge of the Vendors, threatened, that could result in the revocation, cancellation or suspension of the Finca License.



**5.4 Reserved**

**5.5 Officers and Directors**

Schedule 5.5 sets out a complete and accurate list of all officers and directors of each of the Corporation and Finca on the date of this Agreement.

**5.6 Capitalization; Share Ownership**

(a) The authorized capital of the Corporation consists of [Redaction: information related to payment terms]

[Redaction] The Purchased Shares collectively represent, as at the Closing Date, all the issued and outstanding shares in the capital of the Corporation, and have been duly and validly issued in compliance with (i) all applicable Laws, (ii) the articles, by-laws and other constating of the Corporation, and (iii) any agreement to which the Corporation is a party or by which it is bound, and are outstanding as fully paid and non-assessable shares in the capital of the Corporation. No options, warrants or other rights to purchase shares or other securities of the Corporation and no securities or obligations convertible into or exchangeable for shares or other securities of the Corporation have been authorized or agreed to be issued or are outstanding.

(b) The Corporation owns all of the issued and outstanding securities of Finca.

(c) Except for the Corporation's ownership of Finca, neither the Corporation nor Finca has any subsidiaries or owns or has any interest in, directly or indirectly, any shares or other ownership interest in any other Person, and neither the Corporation nor Finca is a party to any agreement of any nature to acquire any such shares or other ownership interest or to acquire or lease any other business operations.

**5.7 Business**

The Business is the only business carried on by the Corporation and Finca.

**5.8 Shareholders' Agreements, etc.**

Other than the Shareholders' Agreement, which the Vendors hereby confirm, acknowledge and agree will be fully terminated and of no further force or effect as of the time immediately prior to Closing, there are no investor rights agreements, shareholder agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the shares in the capital of the Corporation, and no Person, other than the Purchaser pursuant to the terms of this Agreement, has the right, directly or indirectly, to acquire shares in the capital of the Corporation.

**5.9 Absence of Conflicts**

(a) The execution, delivery and performance of this Agreement and each of the other agreements contemplated by or referred to herein, and the completion of the transactions contemplated hereby and thereby, will not, with or without notice or the passage of time, constitute or result in a violation, breach or default of, create an Encumbrance under, require notice to be given to any Governmental Authority pursuant to, or cause the

acceleration of any obligations of the Corporation or decrease of any rights or entitlements of the Corporation, under:

- (i) any term or provision of the articles, bylaws or other constating documents of the Corporation;
  - (ii) the terms of any Contract (written or oral), instrument or understanding or other obligation or restriction applicable to or binding upon the Corporation, or to which the Corporation is a party, which would, or could reasonably be expected to, result in an Material Adverse Effect; or
  - (iii) any term or provision of any term or provision of any Governmental Authorization or any Laws of any jurisdiction in which the business of the Corporation is carried on.
- (b) The transactions contemplated by this Agreement, including the sale and transfer of the Purchased Shares, are not subject to any right of first refusal or other right in favour of any Person under any Contract to which the Corporation or Finca is a party.

#### **5.10 Reserved**

#### **5.11 Financial Statements and Systems**

The Financial Statements present fairly, all of the assets, liabilities and financial position of the Corporation for the financial year ended December 31, 2018.

#### **5.12 Liabilities**

- (a) As of the Closing Date, the Corporation does not have any outstanding Liabilities, other than Promissory Note.
- (b) The Corporation has not given or agreed to give, nor is it a party to or bound by, any guarantee, surety or indemnity in respect of indebtedness, or other obligations, of any Person, or any other commitment by which either the Corporation is, or is contingently, responsible for such indebtedness or other obligations.

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

Since November 5, 2018, neither the Corporation nor Finca has:

- (a) incurred any obligation or Liability (fixed or contingent), except normal trade or business obligations incurred in the ordinary course of business, none of which is materially adverse to the Business;
- (b) created any Encumbrance upon any of its properties or assets related to the Business;
- (c) had any Employee terminate his or her employment or communicate his or her intention to do so;
- (d) sold, assigned, transferred, leased or otherwise disposed of any assets other than in the ordinary course of business;

- (e) purchased, leased or otherwise acquired any properties or assets other than in the ordinary course of business;
- (f) waived, cancelled or written off any rights, claims or any amounts payable to the Corporation or Finca relating to the Business other than in the ordinary course of business;
- (g) declared or paid any dividend or made any other distribution in respect of any of its shares of any class, or reduced its authorized capital or issued capital;
- (h) entered into any transaction, contract, agreement or commitment other than in the ordinary course of business;
- (i) terminated, discontinued, closed or disposed of any office, facility, operation or contract relating to the Business;
- (j) had any material customer of the Business terminate, or, to the knowledge of the Vendors, communicate the intention or threat to terminate, its relationship with the Business, or the intention to substantially reduce the quantity of products or services it purchases from the Business, or its dissatisfaction with the products or services supplied by the Business;
- (k) had any material supplier of the Business terminate, or, to the knowledge of the Vendors, communicate the intention or threat to terminate, its relationship with the Corporation or Finca, or the intention to substantially reduce the quantity of products or services it sells to the Business;
- (l) made any material change with respect to any method of management, operation or accounting in respect of the Business;
- (m) changed or modified the terms and conditions of employment of any Employees including increasing any form of compensation or other benefits payable or to become payable to any of the Employees, other than changes in the ordinary course of business;
- (n) changed any remuneration payable or benefits provided to any officer, director, consultant or agent of the Business;
- (o) suffered any extraordinary losses;
- (p) incurred or suffered any Material Adverse Effect, or become aware of, any event or condition that would, or could reasonably be expected to, result in a Material Adverse Effect; or
- (q) authorized, agreed or otherwise become committed to do any of the foregoing.

**5.14 Reserved**

**5.15 Reserved**

**5.16 Reserved**

**5.17 Reserved**

**5.18 Reserved**

**5.19 Reserved**

**5.20 Reserved**

**5.21 Reserved**

**5.22 Reserved**

**5.23 Reserved**

**5.24 Partnerships or Joint Ventures**

Neither the Corporation nor Finca is a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind and is not a party to any agreement under which the Corporation or Finca agrees to carry on any part of the Business in such manner or by which the Corporation or Finca agrees to share any revenue or profit of the Business with any other Person.

**5.25 Reserved**

**5.26 Reserved**

**5.27 Reserved**

**5.28 Reserved**

**5.29 Reserved**

**5.30 Reserved**

**5.31 Reserved**

**5.32 Litigation**

- (a) There are no Claims, investigations or other proceedings, including appeals and applications for review, in progress, or, to the knowledge of the Vendors, pending or threatened against or relating to the Corporation or Finca before any Governmental Authority, which, if determined adversely to the Corporation or Finca, would, (i) have a Material Adverse Effect; (ii) enjoin, restrict or prohibit the transfer of all or any part of the Purchased Shares as contemplated by this Agreement; (iii) delay, restrict or prevent any of the Vendors or the Corporation from fulfilling any of its obligations set out in this Agreement or arising from this Agreement; or (iv) the right of the Corporation or Finca to conduct its operations and carry on the Business in the ordinary course consistent with

past practice, and none of the Vendors has any knowledge of any existing ground on which any such action, suit, litigation or proceeding might be commenced with any reasonable likelihood of success.

- (b) There is no judgment, decree, injunction, rule or Order of any Governmental Authority or arbitrator outstanding against the Corporation or Finca. Neither the Corporation nor Finca has undergone in the last five years nor is currently undergoing, any audit, review, inspection, investigation, survey or examination of records by a Governmental Authority relating to the Business.

### 5.33 Tax Matters

Except as specifically disclosed in Schedule 5.33,

- (a) The Corporation has duly and timely made or prepared all Tax Returns required to be made or prepared by it, has duly and timely filed all Tax Returns required to be filed by it with the appropriate Governmental Authority and has duly, completely and correctly, in all material respects, reported all income and all other amounts and information required to be reported thereon, and all such Tax Returns are true, correct and complete in all material respects.
- (b) The Corporation has duly and timely paid all Taxes, including all instalments on account of Taxes for the current year, that are due and payable by it whether or not assessed by the appropriate Governmental Authority or shown on any Tax Return. Provision has been made on Balance Sheet for amounts at least equal to the amount of all Taxes owing by the Corporation that were not yet due and payable by the date of the Balance Sheet and that relate to periods ending on or prior to the date of the Balance Sheet. Provision will be made on Financial Statements for amounts at least equal to the amount of all Taxes owing by the Corporation that will not be due and payable by the Closing Date and that relate to periods ending on or prior to the Closing Date.
- (c) The Corporation has not requested, offered to enter into or entered into any agreement or other arrangement, or executed any waiver, providing for any extension of time within which (i) to file any Tax Return covering any Taxes for which the Corporation is or may be liable; (ii) to file any elections, designations or similar filings relating to Taxes for which the Corporation is or may be liable; (iii) the Corporation is required to pay or remit any Taxes or amounts on account of Taxes; or (iv) any Governmental Authority may assess or collect Taxes for which the Corporation is or may be liable.
- (d) The Corporation has not made, prepared and/or filed any elections, designations or similar filings relating to Taxes or entered into any agreement or other arrangement in respect of Taxes or Tax Returns that has effect for any period ending after the Closing Date.
- (e) All income, sales (including goods and services, harmonized sales and provincial or territorial sales) and capital tax liabilities of the Corporation have been assessed by the relevant Governmental Authorities and notices of assessment have been issued to each such entity by the relevant Governmental Authorities for all taxation years or periods ending prior to and including the taxation year or period ended December 31, 2017.

- (f) There are no proceedings, investigations, audits or Claims now pending or, to the knowledge of the Vendors, threatened against the Corporation in respect of any Taxes and, to the knowledge of the Vendors, there are no matters under discussion, audit or appeal with any Governmental Authority relating to Taxes.
- (g) The Corporation has duly and timely withheld all Taxes and other amounts required by Law to be withheld by it (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the account or benefit of any Person, including any Employee, officer or director and any non-resident Person), and has duly and timely remitted to the appropriate Governmental Authority such Taxes and other amounts required by Law to be remitted by it.
- (h) The Corporation has duly and timely collected all amounts on account of any sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by Law to be collected by it and has duly and timely remitted to the appropriate Governmental Authority any such amounts required by Law to be remitted by it. All input tax credits claimed by the Corporation for purposes of the goods and services tax and harmonized sales tax were calculated in accordance with applicable Law. The Corporation has complied with all registration, reporting, payment, collection and remittance requirements in respect of the goods and services tax and harmonized sales tax (and, where applicable, any similar provincial or foreign Tax).
- (i) None of sections 15, 78, 80, 80.01, 80.02, 80.03 or 80.04 of the ITA, or any equivalent provision of the Tax legislation of any province or any other jurisdiction, have applied or will apply to the Corporation at any time up to and including the Closing Date, and there are no circumstances existing which could result in the application of such provisions to the Corporation.
- (j) The Corporation is not subject to liability for Taxes of any other person. The Corporation has not acquired property from a non-arm's length Person, within the meaning of the ITA, for consideration, the value of which is less than the fair market value of the property acquired in circumstances which could subject it to a liability under section 160 of the ITA. The Corporation has not entered into any agreement with, or provided any undertaking or indemnity to, any person pursuant to which it has assumed liability for the payment of Taxes owing by such person.
- (k) The Corporation has not claimed any reserve or deduction for Tax purposes if, as a result of such claim, any amount could be included in its income for any period ending after the Closing Time.
- (l) All Tax credits and refunds, including refundable and non-refundable investment Tax credits in respect of scientific research and experimental development claimed by the Corporation were claimed and calculated in accordance with applicable Law and accepted practices of the applicable Governmental Authority.
- (m) The Corporation has never made an "excessive eligible dividend designation" as defined in the ITA (or any similar provision of state, local or foreign Law).

With respect to the declaration and payment of all dividends on or prior to the Closing Date that were designated to be capital dividends (as provided pursuant to subsection 83(2) of the ITA), then (i) all such dividends so designated were recorded on Form T2054

(as prescribed under the regulations to the ITA) and which Form T2054 was filed with the Canada Revenue Agency (and any applicable provincial Governmental Authority) in the prescribed manner on or before the particular time on which any part of the dividend was paid; and (ii) as a consequence of the declaration of such capital dividends and the filing of the Form T2054, the Corporation is not subject to any Tax pursuant to the provisions of Part III of the ITA (or the applicable provisions of a provincial Tax statute).

**5.34 Reserved**

**5.35 Reserved**

**5.36 Reserved**

**5.37 Reserved**

**5.38 Reserved**

**5.39 Reserved**

**5.40 Bank Accounts**

Schedule 5.39 sets forth a true, correct and complete list of all of the bank accounts of each of the Corporation and Finca, including account details and branch locations.

**5.41 Reserved**

**5.42 Reserved**

**5.43 Broker and Finder's Fees**

Except as set forth on Schedule 5.43, the Vendors do not owe nor are they aware of any claim for any broker, agency, finder's fee or commission in connection with the transactions contemplated by this Agreement payable by the Vendors.

**5.44 Compliance with Anti-Corruption Laws**

Neither the Corporation, *Finca* nor any director, officer, employee agent or other Person acting on behalf of the Corporation or Finca has, in **relation to the Business**:

- (a) **used** any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity;
- (b) made any direct or indirect unlawful payment to any foreign or domestic Governmental Authorities from corporate funds;
- (c) violated or is in violation of any provision of Anti-Corruption Laws applicable to the Corporation or Finca;
- (d) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment in violation of any Anti-Corruption Laws; or

- (e) employed any government or political official of any country to act on behalf of the Corporation or Finca.

No action, suit or proceeding by or before any Governmental Authority or any arbitrator involving the Corporation or Finca with respect to Anti-Corruption Laws is pending or, to the knowledge of the Vendors, threatened.

#### **5.45 Compliance with Anti-Money Laundering Laws**

The Business has been conducted in compliance with Anti-Money Laundering Laws applicable to the Corporation or Finca and no action, suit, or proceeding by or before any Governmental Authority or any arbitrator involving the Corporation or Finca with respect to Anti-Money Laundering Laws is pending or, to the knowledge of the Vendors, threatened.

#### **5.46 Reserved**

#### **5.47 Underlying Agreement**



*[Redaction: information related to consideration]*

#### **5.48 Non-Reporting Issuer**

The Corporation is not a “reporting issuer” within the meaning of the *Securities Act* (British Columbia).

#### **5.49 Material Facts Disclosed**

None of the representations and warranties in Article 4 or this Article 5 and no document furnished by or on behalf of the Corporation or Finca to the Purchaser in connection with the negotiation of the transaction contemplated by this Agreement contains any untrue statement of a material fact or omits to state any material fact necessary to make any such statement or representation not misleading. To the knowledge of the Vendors, there are no facts not disclosed in this Agreement which, if learned by the Purchaser, might reasonably be expected to materially diminish the Purchaser’s evaluation of the value of the Purchased Shares, the Corporation or Finca or which, if learned by the Purchaser, might reasonably be expected to deter the Purchaser from completing the purchase of the Purchased Shares on the terms of this Agreement.

## **ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF PURCHASER**

The Purchaser represents and warrants to the Vendors each of the matters set out below, effective as at the Closing Date, and acknowledges and confirms that the Vendors are relying upon the accuracy of such representations and warranties in connection with the sale of the Purchased Shares.



### **6.1 Status of Purchaser**

The Purchaser is a corporation duly incorporated and validly existing under the laws of its jurisdiction of incorporation and has all necessary corporate power, authority and capacity to own its respective assets and to carry on its respective businesses as presently conducted.

### **6.2 Chemesis Shares**

The Chemesis Shares to be issued to the Vendors will, when issued in accordance with the terms of this Agreement, be duly authorized and validly issued as fully paid and non-assessable shares in the capital of the Purchaser.

### **6.3 Capitalization; Share Ownership**

The authorized capital of the Purchaser consists of an unlimited number of common shares, of which [REDACTED] common shares are currently issued and outstanding. All of the outstanding shares in the capital of the Purchaser have been duly and validly issued and are outstanding as fully paid and non-assessable shares. The common shares in the capital of the Corporation are listed for trading on the CSE.

*[Redaction: information related to payment term]*

### **6.4 Due Authorization and Enforceability of Obligations**

The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and the other agreements contemplated herein and to carry out its obligations hereunder and thereunder, inclusive of issuing the Chemesis Shares. The execution and delivery of this Agreement, and the other agreements to be entered into by the Purchaser pursuant hereto, and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action of the Purchaser. This Agreement and the other agreements to be entered into by the Purchaser pursuant hereto constitute legal, valid and binding obligations of the Purchaser enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other Laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

### **6.5 Reporting Status and Securities Laws Matters**

The Purchaser is a "reporting issuer" or the equivalent and not on the list of reporting issuers in default under applicable securities laws in each of the Provinces of British Columbia, Alberta and Ontario. The Purchaser is in compliance, in all material respects, with all applicable securities laws and there are no current, pending or, to the knowledge of the Purchaser, threatened proceedings before any Governmental Authority relating to any alleged non-compliance with any securities laws. The Chemesis Shares are listed on, and the Purchaser is in compliance in all material respects with the rules and policies of, the CSE. No delisting, suspension of trading in or cease trading order with respect to any securities of the Purchaser and to the knowledge of the Purchaser no inquiry or investigation (formal or informal) of any Governmental Authority or the CSE is in effect or ongoing or, to the knowledge of the Purchaser, expected to be implemented or undertaken. The Purchaser has received all required consents and approvals from the CSE and any Canadian Governmental Authorities for the issuance of the Chemesis Shares.

### **6.6 Bankruptcy**

There is no bankruptcy, liquidation, winding-up or similar proceeding pending or in progress or, to the knowledge of the Purchaser, threatened against the Purchaser before any Governmental Authority.

## ARTICLE 7 COVENANTS

### 7.1 Reserved

### 7.2 Non-Competition Agreements

At the Closing Time, each of the Vendors specified by the Purchaser will enter into a non-competition and non-solicitation agreement (the “**Non-Competition and Non-Solicitation Agreements**”) in favour of the Purchaser and the Corporation, [REDACTED] and otherwise be on and subject to terms and conditions satisfactory to the Purchaser, acting reasonably.

*[Redaction: commercial term negotiated between the parties; term of non-competition & non-solicitation agreement]*

### 7.3 Financial Statements

The Vendors shall co-operate with the Purchaser with respect to any post-Closing audit of financial statements of the Corporation or Finca that may be required by regulatory authorities or Governmental Authorities in the future, provided that any such audits shall be at the expense of the Purchaser (to the extent not already completed).

### 7.4 Tax Matters

The Vendors shall be responsible for preparing and filing, on or before the statutory due date, on behalf of and in the name of the Corporation and Finca, all Tax Returns of the Corporation and Finca required by Law to be filed for any taxation year of the Corporation and Finca ending on or before the Closing Date that are not required to be filed on or before the Closing Date, and:

- (a) the cost of preparing all such Tax Returns shall be for the account of the Vendors;
- (b) the Vendors shall be responsible for the payment of all Taxes due in respect of any such Tax Returns;
- (c) all such Tax Returns shall be consistent in all material respects with prior Tax Returns filed by the Corporation or Finca and its predecessors for prior taxation years, except to the extent otherwise required by applicable Law; and
- (d) at least fifteen days prior to filing any such Tax Returns, the Vendors shall supply draft copies of the documents to the Purchaser for input and comment and request that the Purchaser provide its consent to the filing of such Tax Returns, such consent not to be unreasonably withheld, and the Vendors shall include in the Tax Returns all reasonable comments provided by the Purchaser.

**ARTICLE 8  
CLOSING**

**8.1 Reserved**

**8.2 Reserved**

**8.3 Documents to be Delivered**

At the Closing Time:

- (a) the Vendors shall transfer and deliver to the Purchaser share certificates representing their respective Purchased Shares duly endorsed in blank for transfer, or accompanied by irrevocable security transfer powers of attorney duly executed in blank, in either case by the holders of record, and shall take such steps as shall be necessary to cause the Corporation to enter the Purchaser or its nominee(s) upon the books of the Corporation as the holder of the Purchased Shares and to issue share certificates to the Purchaser or its nominee(s) representing the Purchased Shares;
- (b) where applicable, the Vendors shall execute and deliver, or, in the case of documents to be executed and delivered by the Corporation, the Vendors shall cause to be executed and delivered, to the Purchaser the following documents:
  - (i) a certificate of status, compliance, good standing or like certificate with respect to the Corporation and Finca issued by the appropriate Governmental Authority;
  - (ii) a termination agreement in respect of the Shareholders Agreement;
  - (iii) an assignment of the Promissory Note;
  - (iv) the Loan Amending Agreement;
  - (v) the Non-Competition and Non-Solicitation Agreements;
  - (vi) the Escrow Agreements contemplated by Section 3.4;
  - (vii) certified copies of all corporate authorizing resolutions of the Corporation that are required to permit the due and valid transfer of the Purchased Shares to and in the name of the Purchaser and the completion of the transactions contemplated by this Agreement;
  - (viii) Reserved.
  - (ix) a duly executed receipt from each of the Vendors for the Chemesis Shares;
  - (x) a resignation of each of the directors of the Corporation;
  - (xi) the resignations, effective as of the Closing Date, of each of [REDACTED] employees and/or officers of the Corporation; *[Redaction: personal information]*
  - (xii) a release of the Vendors in favour of the Corporation; and

- (xiii) all such other documents, instruments and things which are to be delivered by the Vendors and the Corporation pursuant to the provisions of this Agreement or that may be necessary to complete the transactions provided for in this Agreement.
- (c) The Purchaser shall execute and deliver, or cause to be executed, and shall deliver, or cause to be delivered, to the Vendors the following documents to which they are a party:
  - (i) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by the appropriate Governmental Authority;
  - (ii) the Loan Amending Agreement ;
  - (iii) the Chemesis Shares;
  - (iv) payment of finder's fee as set out at Schedule 5.43; and
  - (v) certified copies of all corporate authorizing resolutions of the Purchaser that are required to permit the purchase of the Purchased Shares, the issuance of the Chemesis Shares, and the completion of the transaction contemplated by this Agreement.

## **ARTICLE 9 NON-WAIVER; SURVIVAL**

### **9.1 Non-Waiver**

No waiver of any condition or other provisions, in whole or in part, shall constitute a waiver of any other condition or provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

### **9.2 Nature and Survival**

All representations, warranties and covenants contained in this Agreement on the part of each of the Parties shall survive: (a) the Closing; (b) the execution and delivery under this Agreement of any share or security transfer instruments or other documents of title to any of the Purchased Shares; (c) the execution and delivery under this Agreement of any share or security transfer instruments or other documents of title to any of the Chemesis Shares; and (d) the payment of the consideration for the Purchased Shares. All representations and warranties contained in this Agreement on the part of each of the Parties shall survive, in each case, for the same period of time during which an obligation to indemnify exists pursuant to Section 10.1(b) or 10.2(b), as applicable.

## **ARTICLE 10 INDEMNIFICATION**

### **10.1 Indemnification by the Vendors**

- (a) The Vendors shall on a joint and several basis, indemnify and save harmless the Purchaser, and its directors, officers, agents, employees and shareholders (collectively referred to as the "**Purchaser Indemnified Parties**"), on an after-Tax basis, from and against all Claims, whether or not arising due to third party Claims, which may be made

or brought against Purchaser Indemnified Parties, or which they may suffer or incur, directly or indirectly, as a result of or in connection with or relating to:

- (i) any non-fulfilment or breach of any covenant or agreement on the part of the Vendors contained in this Agreement or in any certificate or other document furnished by or on behalf of the Vendors pursuant to this Agreement;
  - (ii) any misrepresentation or any incorrectness in or breach of any representation or warranty of the Vendors contained in Article 5 this Agreement or in any certificate or other document furnished by or on behalf of the Vendors pursuant to this Agreement (other than the representations and warranties contained in Article 4 for which any liability on the part of the Vendors to the Purchaser shall be several and not joint);
  - (iii) any liability for Taxes of the Corporation in respect of any taxation year or other period ended prior to the Closing Date, or any portion of a taxation year or other period up to and including the Closing Date, for which no adequate reserve has been provided and disclosed in the Balance Sheet or Financial Statements; and
  - (iv) any liability of the Corporation with respect to any costs or expenses in respect of any litigation relating to the Business prior to Closing to the extent such costs or expenses are not covered by insurance.
- (b) Subject to the limitations and other provisions of this Agreement;
- (i) Section 10.1(a)(i) shall survive the Closing indefinitely or for the period explicitly specified herein or in any certificate or other document furnished by or on behalf of the Vendors pursuant hereto, for the performance or fulfilment of the relevant covenant or agreement;
  - (ii) the representations and warranties of the Vendors contained herein shall survive the Closing and shall remain in full force and effect until the date that is 24 months following the Closing Date; provided that the representations and warranties in Section 5.33 in respect of any Taxes arising in or in respect of a period shall survive the Closing and continue in full force and effect until the date that is 90 days after the relevant Governmental Authority is no longer entitled to assess or reassess liability for Taxes against the Corporation for that period, having regard, without limitation, to any waivers given by the Corporation in respect of such period, and the representations and warranties in Sections **Error! Reference source not found.** and 5.28 shall survive for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) plus 60 days;
  - (iii) Section 10.1(a)(iii) shall survive the Closing and shall remain in full force and effect until the 90 days after the relevant Governmental Authorities shall no longer be entitled to assess or reassess liability for Taxes against the Corporation for that particular period;
  - (iv) Section 10.1(a)(iv) shall survive for a period of five years following the Closing Date; and

- (v) any Claim in respect of intentional misrepresentation, wilful misconduct or fraud shall survive the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) in connection with such Claim.

Notwithstanding the foregoing, any Claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the Indemnified Party to the Indemnifying Party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such Claims shall survive until finally resolved.

## 10.2 Indemnification by the Purchaser

- (a) The Purchaser shall indemnify and save harmless each Vendor, on an after-Tax basis, from and against all Claims, whether or not arising due to third party Claims, which may be made or brought against such Vendor, or which he or she may suffer or incur, directly or indirectly, as a result of or in connection with or relating to:
  - (i) any non-fulfilment or breach of any covenant or agreement on the part of the Purchaser contained in this Agreement or in any certificate or other document furnished by or on behalf of the Purchaser pursuant to this Agreement; and
  - (ii) any misrepresentation or any incorrectness in or breach of any representation or warranty of the Purchaser contained in this Agreement or in any certificate or other document furnished by or on behalf of the Purchaser pursuant to this Agreement, disregarding for the purposes of this Section 10.2(a)(ii) any knowledge, materiality or Material Adverse Effect qualification in any such representation or warranty.
- (b) Subject to the limitations and other provisions of this Agreement:
  - (i) the representations and warranties of the Purchaser contained herein shall survive the Closing and shall remain in full force and effect until the date that is 24 months following the Closing Date; and
  - (ii) any Claim in respect of intentional misrepresentation, wilful misconduct or fraud shall survive the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) in connection with such Claim.

Notwithstanding the foregoing, any Claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the Indemnified Party to the Indemnifying Party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such Claims shall survive until finally resolved.

## 10.3 Indemnification Procedures for Third Party Claims

- (a) In the case of Claims made by a Person that is not a party to this Agreement (a “**Third Party**”) with respect to which indemnification is sought, the Party seeking indemnification (the “**Indemnified Party**”) shall give prompt notice, and in any event within 30 Business Days, to the other Party (the “**Indemnifying Party**”) of any such

Claims made upon it. If the Indemnified Party fails to give such notice, such failure shall not preclude the Indemnified Party from obtaining such indemnification but its right to indemnification may be reduced to the extent that such delay prejudiced the defence of the Claim or increased the amount of liability or cost of defense.

- (b) Subject to Section 10.3(c), the Indemnifying Party shall have the right, by notice to the Indemnified Party given not later than 30 days after receipt of the notice described in Section 10.3(a), to assume the control of the defence, compromise or settlement of the Claim, provided that such assumption shall, by its terms, be without cost to the Indemnified Party and provided the Indemnifying Party acknowledges in writing its obligation to indemnify the Indemnified Party in accordance with the terms contained in this Section in respect of that Claim.
- (c) The Indemnifying Party may not assume the investigation and defence of a Third Party Claim if:
  - (i) the Indemnifying Party is also a party to the Third Party Claim and the Indemnified Party determines in good faith that joint representation would be inappropriate, or
  - (ii) the Third Party Claim seeks relief against the Indemnified Party other than monetary damages or the Indemnified Party determines in good faith that there is a reasonable probability that the Third Party Claim may adversely affect it or its Affiliates (including the Target Companies) or the conduct of the Business and the Indemnified Party has notified the Indemnifying Party that it will exercise its exclusive right to defend, compromise or settle the Third Party Claim, or
  - (iii) the Indemnifying Party fails to provide reasonable assurance to the Indemnified Party of its financial capacity to defend the Third Party Claim and provide indemnification with respect to the Third Party Claim.
- (d) If the Indemnifying Party (i) is not entitled to assume the investigation and defence of a Third Party Claim under Section 10.3(c), or (ii) does not elect to assume the investigation and defence of a Third Party Claim, the Indemnified Party has the right (but not the obligation) to undertake the defence of the Third Party Claim.
- (e) If, under Section 10.3(d), the Indemnified Party undertakes the investigation and defence of a Third Party Claim:
  - (i) subject to the other provisions of 10.3, all reasonable expenses relating to the defence of such Third Party Claim shall be borne and paid exclusively by the Indemnifying Party;
  - (ii) the Indemnifying Party shall make available to the Indemnified Party any documents and materials in his possession or control that may be necessary to the defence of such Third Party Claim; and
  - (iii) the Indemnified Party shall have the right to settle, adjust or compromise such Third Party Claim but the Indemnifying Party shall not be bound by any

compromise or settlement of the Third Party Claim effected without its written consent (which consent may not be unreasonably withheld or delayed).

- (f) Upon the assumption of control of any Claim by the Indemnifying Party as set out in Section 10.3(b), the Indemnifying Party shall diligently proceed with the defence, compromise or settlement of the Claim at its sole expense, including if necessary, employment of counsel and experts reasonably satisfactory to the Indemnified Party and, in connection therewith, the Indemnified Party shall cooperate fully, but at the expense of the Indemnifying Party with respect to any out-of-pocket expenses incurred, to make available to the Indemnifying Party all pertinent information and witnesses under the Indemnified Party's control, make such assignments and take such other steps as in the opinion of counsel for the Indemnifying Party are reasonably necessary to enable the Indemnifying Party to conduct such defence. The Indemnified Party shall also have the right to participate in the negotiation, settlement or defence of any Claim at its own expense. The Indemnifying Party shall not settle any Claim without the prior written consent of the Indemnified Party, such consent not to be unreasonably withheld.
- (g) The final determination of any Claim pursuant to this Section, including all related costs and expenses, shall be binding and conclusive upon the Parties as to the validity or invalidity, as the case may be, of such Claim against the Indemnifying Party.
- (h) If the Indemnifying Party does not assume control of a Claim as permitted in Section 10.3(b), the Indemnified Party shall be entitled to make such settlement of the Claim as in its sole discretion may appear advisable, and such settlement or any other final determination of the Claim shall be binding upon the Indemnifying Party.

#### **10.4 Payment; Calculation of Loss**

- (a) Once a Claim is agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this Article 10, the Indemnifying Party shall satisfy its obligations within 15 Business Days of such final, non-appealable adjudication by wire transfer of immediately available funds. The Parties agree that should an Indemnifying Party not make full payment of any such obligations within such 15 Business Day period, any amount payable shall accrue interest from and including the date of agreement of the Indemnifying Party or final, non-appealable adjudication with respect thereto, to but excluding the date such payment has been made at a rate per annum equal to [REDACTED]. Such interest shall be calculated daily on the basis of a 365 day year and the actual number of days elapsed. *[Redaction: commercial term negotiated between the parties; interest rate]*
- (b) Any Claims payable to a Purchaser Indemnified Party pursuant to Article 10 shall be satisfied from the Vendors on a joint and several basis.
- (c) In computing any loss payable under pursuant to any Claim, the amount of the loss shall be deemed to be an amount net of any insurance proceeds actually recovered in respect thereof by the Indemnified Party; provided, however, that nothing in this Agreement shall require the Indemnified Party to maintain any insurance policies or pursue recovery from any insurance policies.

#### **10.5 No Contribution.**



Each of the Vendors acknowledges and agrees that the Corporation shall not have any Liability or obligation to indemnify, save or hold harmless or otherwise pay, reimburse or make the Vendors whole for or on account of any indemnification or other claims made by any Purchaser Indemnified Party hereunder. None of the Vendors shall have any right of contribution against the Corporation with respect to any such indemnification or other claim.

#### **10.6 Representations Not Limited.**

The representations, warranties, covenants and obligations of the Vendors, and the rights and remedies that may be exercised by Purchaser Indemnified Parties, shall not be limited or otherwise affected by or as a result of any information furnished to, or any investigation made by or knowledge of, any of Purchaser Indemnified Parties or any of their Representatives. Without limiting the generality of the foregoing, the Purchaser Indemnified Parties expressly reserve the right to seek indemnity or other remedy for any Losses arising out of or relating to any breach of any representation, warranty or covenant contained herein, notwithstanding any investigation by, disclosure to, knowledge or imputed knowledge of the Purchaser Indemnified Parties in respect of any fact or circumstance that reveals the occurrence of any such breach.

#### **10.7 Tax Status of Indemnification Payments**

Any payment made by the Vendors pursuant to this Article 10 shall constitute a reduction of the Purchase Price and any payment made by the Purchaser pursuant to this Article 10 shall constitute an increase in the Purchase Price. In either case, each of the Vendors and the Purchaser shall, within a reasonable time of payment and receipt of such payment, as applicable, and in any event within two months of such payment, request all amendments to its current or past Tax Returns as may be necessary to reflect the foregoing.

#### **10.8 Trustee and Agent**

Each Vendor acknowledges that the Purchaser is acting as trustee and agent for the remaining Purchaser Indemnified Parties, on whose behalf and for whose benefit the indemnity in Section 10.1 is provided and that such remaining Purchaser Indemnified Parties shall have the full right and entitlement to take the benefit of and enforce such indemnity notwithstanding that they may not individually be parties to this Agreement. Each Vendor agrees that the Purchaser may enforce the indemnity for and on behalf of such remaining Purchaser Indemnified Parties and, in such event, the Party from whom indemnification is sought will not in any proceeding to enforce the indemnity by or on behalf of such remaining Purchaser Indemnified Parties assert any defence thereto based on the absence of authority or consideration or privity of contract and irrevocably waives the benefit of any such defence.

### **ARTICLE 11 GENERAL**

#### **11.1 Public Notices**

The Parties shall jointly plan and co-ordinate any public notices, press releases, and any other publicity concerning the transactions contemplated by this Agreement and no Party shall act in this regard without the prior approval of the other, such approval not to be unreasonably withheld, unless such disclosure is required to meet timely disclosure obligations of any Party under Laws or stock exchange rules in circumstances where prior consultation of the other Party is not practicable and a copy of such disclosure is provided to the other Party as soon as reasonably practicable following such disclosure.

**11.2 Expenses**

Each of the Parties shall pay all of their respective costs and expenses (including the fees and disbursements of legal counsel and other advisers) incurred by them in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated by this Agreement.

**11.3 Notices**

Any notice, consent or approval required or permitted to be given in connection with this Agreement (in this Section referred to as a “**Notice**”) shall be in writing and shall be sufficiently given if delivered (whether in Person, by courier service or other personal method of delivery), or if transmitted by facsimile or e-mail:

- (a) in the case of a Notice to the Vendors at:



(b) in the case of a Notice to the Purchaser at:



*[Redaction: notice provision; personal information]*

Any Notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the Notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a Business Day then the Notice shall be deemed to have been given and received on the next Business Day.

Any Party may, from time to time, change its address by giving Notice to the other Parties in accordance with the provisions of this Section.

#### **11.4 Assignment**

The Purchaser shall be entitled to assign all of their rights and obligations under this Agreement to any of its Affiliates or to its lender from time to time as collateral security. Except for such permitted assignment, no Party may assign this Agreement or any rights or obligations under this Agreement without the prior written consent of each of the other Parties.

#### **11.5 Enurement**

This Agreement enures to the benefit of and is binding upon the Parties and, as applicable, their respective heirs, attorneys, guardians, estate trustees and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.

#### **11.6 Amendment**

No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any Party, is binding unless executed in writing by the Party to be bound thereby.

#### **11.7 Further Assurances**

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall

provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing.

### **11.8 Execution and Delivery**

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by electronic means and all such counterparts and electronic deliveries together constitute one and the same agreement.

### **11.9 Schedules**

The Schedules shall be arranged in separate parts corresponding to the numbered and lettered sections contained herein permitting such disclosure, and the information disclosed in any numbered or lettered part shall be deemed to relate to and to qualify only the particular representation or warranty set forth in the corresponding numbered or lettered Section herein permitting such disclosure. Nothing in any Schedule attached hereto shall be adequate to modify, qualify, or disclose an exception to a representation or warranty made in this Agreement unless such Schedule identifies the modification, qualification, or exception with reasonable particularity. Without limiting the generality of the foregoing, the mere listing (or inclusion of a copy) of a document or other item shall not be adequate to disclose an exception to a representation or warranty made in this Agreement, unless the representation or warranty has to do with the existence of the document or other item itself. No modifications, qualifications, or exceptions to any representations or warranties disclosed on one Schedule shall constitute a modification, qualification, or exception to any other representations or warranties made in this Agreement unless it is reasonably apparent on its face that the disclosures on such Schedule apply to such other representations and warranties.

[Remainder of page intentionally left blank]

**IN WITNESS OF WHICH** the Parties have executed this Agreement.

**10998354 CANADA INC.**



*[Redaction: signatures]*

**CHEMESIS INTERNATIONAL INC.**



*[Redaction: signatures]*

[Schedules 1.1, 3.1, 5.5, 5.11, 5.33, 5.40, 5.41 and 5.43 Redacted]