

NEXTLEAF SOLUTIONS LTD.

- and -

THOMAS ULANOWSKI

SHARE PURCHASE AGREEMENT

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TABLE OF CONTENTS

	Page
ARTICLE 1 INTERPRETATION.....	1
1.1 Definitions.....	1
1.2 Time of the Essence	7
1.3 Calculation of Time	7
1.4 Business Days	8
1.5 Currency.....	8
1.6 Headings	8
1.7 Plurals and Gender	8
1.8 Statutory References	8
1.9 Schedules	8
ARTICLE 2 PURCHASE AND SALE OF PURCHASED SHARES.....	9
2.1 Purchase and Sale of Purchased Shares	9
2.2 Purchase Price.....	9
ARTICLE 3 CLOSING ARRANGEMENTS	9
3.1 Place and Time of Closing	9
3.2 Transactions to be Effected at Closing	9
ARTICLE 4 REPRESENTATIONS AND WARRANTIES.....	10
4.1 Representations and Warranties of the Vendor	10
4.2 Representations and Warranties of the Purchaser.....	18
4.3 Survival of Vendor’s Representations and Warranties.....	20
4.4 Survival of Purchaser’s Representations and Warranties	20
ARTICLE 5 COVENANTS	20
5.1 Conduct of Business Before the Closing	20
5.2 Access to Information.....	24
5.3 No Solicitation of Other Bids	24
5.4 Notice of Certain Events.....	25
5.5 Confidentiality	25
5.6 Transfer of Standard Processing License.....	25
5.7 Governmental Filings, Approvals and Consents	25

TABLE OF CONTENTS
(continued)

	Page
5.8 Public Announcements	26
5.9 Notice of Certain Events	26
5.10 Resignations	27
5.11 Consulting Agreement	27
5.12 Pooling Agreement	27
5.13 Proceedings for Transfer of Purchased Shares	27
5.14 Further Assurances.....	27
ARTICLE 6 CONDITIONS TO CLOSING.....	27
6.1 Conditions to Closing in Favour of the Vendor.....	27
6.2 Conditions of Closing in Favour of the Purchaser.....	29
ARTICLE 7 TERMINATION.....	31
7.1 Termination.....	31
7.2 Effect of Termination.....	32
ARTICLE 8 TAX MATTERS.....	32
8.1 Stated Capital Account.	32
8.2 Tax Elections	33
ARTICLE 9 GENERAL.....	33
9.1 Expenses	33
9.2 Confidentiality	33
9.3 Assignment and Enurement	33
9.4 Entire Agreement	33
9.5 Waiver.....	34
9.6 Notices	34
9.7 Severability	35
9.8 Execution by Facsimile or Electronic Format	35
9.9 Counterparts.....	36
9.10 Governing Law and Jurisdiction for Disputes	36
9.11 Independent Legal Advice	36

SHARE PURCHASE AGREEMENT

THIS AGREEMENT made this 11 day of October, 2019.

A M O N G:

NEXTLEAF SOLUTIONS LTD., a corporation incorporated pursuant to the laws of the Province of British Columbia (herein called the “**Purchaser**”)

- and -

THOMAS ULANOWSKI, an individual residing in the Province of British Columbia (herein called the “**Vendor**”)

WHEREAS:

- A. The Vendor owns all of the issued and outstanding shares in the capital of Nextleaf Labs Ltd. (the “**Purchased Shares**”);
- B. The Vendor wishes to sell to Purchaser, and the Purchaser wishes to purchase from Vendor, the Purchased Shares, subject to the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the mutual covenants and premises contained in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement:

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

“**Action**” means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena, notice of assessment, notice or reassessment or investigation of any nature, civil, criminal, administrative, investigative, regulatory or otherwise, whether at law or in equity;

“**Affiliate**” when used to indicate a relationship with a specified Person, means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person and a Person shall be deemed to be controlled by another Person if controlled in any manner whatsoever that results in control in fact by that other Person (or that other Person and any Person or Persons with whom that other Person is acting

jointly or in concert), whether directly or indirectly. For the purposes of this definition, “control”, when used with respect to any specified Person, means the power to direct the management and policies of that Person directly or indirectly, whether through ownership of securities, by trust, by contract or otherwise; and the term “controlled” has a corresponding meaning; provided that, in any event, any Person that owns directly, indirectly or beneficially 50% or more of the securities having voting power for the election of directors or other governing body of a corporation or 50% or more of the partnership interests or other ownership interests of any other Person will be deemed to control that Person;

“**Agreement**” means this agreement, including its recitals and all schedules, as amended from time to time;

“**Assets**” means all the assets, real and personal, tangible and intangible of the Corporation, and which, without limiting the generality of the foregoing, includes the Standard Processing License;

“**Authorizations**” has the meaning ascribed thereto in section 4.1(g);

“**Books and Records**” means all technical, business and financial records, financial books and records of account, books, data, reports, files, lists, drawings, plans, logs, briefs, customer and supplier lists, deeds, certificates, contracts, surveys, title opinions or any other documentation and information in any form whatsoever (including written, printed, electronic or computer printout form) relating to a corporation and its business;

“**Business**” means the current business of Corporation, namely the business of providing contract processing of cannabis to Canadian authorized licensed producers;

“**Business Day**” means any day which is not a Saturday, a Sunday or a day observed as a holiday under the laws of the Province of British Columbia;

“**Canadian Securities Laws**” means, collectively, the applicable securities legislation and related rules, regulations, instruments and published policy statements of each of the applicable Provinces and Territories of Canada;

“**Cannabis Act**” means the *Cannabis Act* (S.C. 2018, c.16), and includes all successor or replacement legislation and any written and publicly available notices, guidance, guidelines, and ancillary rules or regulations promulgated thereunder or in connection therewith;

“**Cannabis Regulations**” means the Cannabis Regulations (SOR/2018-144);

“**Closing**” means the actual transfer and delivery of the Purchased Shares by the Vendor to the Purchaser in exchange for the Purchase Price pursuant to the terms and conditions of this Agreement;

“**Closing Date**” means the date on which the Closing takes place;

“**Common Shares**” means the common shares in the capital of the Corporation;

“**Corporate IP**” means the intellectual property listed in Schedule “A” to the License Agreement;

“**Corporation**” means Nextleaf Labs Ltd.;

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

“**CSE Approval**” means the approval of the CSE, if and as required, for issuance of the Payment Shares as contemplated herein;

“**Disclosure Letter**” means the disclosure letter delivered by Vendor to Purchaser concurrently with the execution and delivery of this Agreement;

“**Encumbrances**” means any encumbrance or restriction of any kind or nature whatsoever and howsoever arising (whether registered or unregistered) and includes a security interest, mortgage, easement, adverse ownership interest, defect on title, condition, right of first refusal, right of first offer, right-of-way, encroachment, building or use restriction, conditional sale agreement, hypothec, pledge, deposit by way of security, hypothecation, assignment, charge, security under sections 426 or 427 of the *Bank Act* (Canada), trust or deemed trust, voting trust or pooling agreement with respect to securities, any adverse claim, grant of any exclusive licence or sole licence, or any other right, option or claim of others of any kind whatsoever, and includes any agreement to give any of the foregoing in the future, and any subsequent sale or other title retention agreement or lease in the nature thereof, affecting the Corporation, the Purchased Shares or the Assets, with the exception of any existing encumbrances of the Purchased Shares between the Purchaser and Vendor;

“**GAAP**” means generally accepted accounting principles as set forth in the *CPA Canada Handbook – Accounting* for an entity that prepares its financial statements in accordance with Accounting Standards for Private Enterprises, at the relevant time, applied on a consistent basis;

“**Governmental Authority**” means: (a) any court, tribunal, judicial body or arbitral body or arbitrator; (b) any domestic or foreign government or supranational body or authority whether multinational, national, federal, provincial, territorial, state, municipal or local and any governmental agency, governmental authority, governmental body, governmental bureau, governmental department, governmental tribunal or governmental commission of any kind whatsoever; (c) any subdivision or authority of any of the foregoing; (d) any quasi-governmental or private body or public body exercising any regulatory, administrative, expropriation or taxing authority under or for the account of the foregoing; (e) any stock or securities exchange; and (f) any public utility authority;

“**Governmental Order**” means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority;

“**HST/GST**” means all taxes levied under Part IX of the *Excise Tax Act* (Canada);

“**Insurance Policies**” has the meaning ascribed thereto in Section 4.1(o);

“**Intellectual Property**” means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, under the Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trade-marks, service marks, trade names, brand names, logos, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of and symbolized by, and all registrations, applications and renewals for, any of the foregoing; (b) all business names, corporate names, telephone numbers and other communication addresses owned or used by the Corporation; (c) internet domain names, whether or not trade-marks, registered in any top-level domain by any authorized private registrar or Governmental Authority, web addresses, web pages, websites and related content, accounts with Twitter®, Facebook® and other social media companies and the content found thereon and related thereto, and URLs; (d) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer and moral rights, and all registrations, applications for registration and renewals of such copyrights; (e) all industrial designs and applications for registration of industrial designs and industrial design rights, design patents and industrial design registrations owned or used by the Corporation; (f) inventions, discoveries, trade secrets, business and technical information and know-how, databases, data collections and other confidential and proprietary information and all rights therein; and (g) patents (including all patent registrations, reissues, divisional applications or analogous rights, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications and other patent rights and any other Governmental Authority issued indicia of invention ownership (including inventor's certificates and patent utility models);

“**Intellectual Property License**” means the license entered into between the Purchaser and the Corporation on July 26, 2018, as amended;

“**Law**” means any statute, law, ordinance, regulation, rule, instrument, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority;

“**License Transfer**” has the meaning ascribed thereto in Section 5.6;

“**Material Adverse Effect**” means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to: (a) the business, results of operations, condition (financial or otherwise) or assets of the Corporation; or (b) the ability of Vendor to consummate the transactions contemplated hereby on a timely basis; provided that: (i) “Material Adverse Effect” shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (A) general

economic or political conditions; (B) conditions generally affecting the industry in which the Corporation operates; (C) any changes in financial or securities markets in general; (D) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (E) any action required or permitted by this Agreement; (F) any changes in applicable Laws or accounting rules or principles, including GAAP; or (G) the public announcement, pendency or completion of the transactions contemplated by this Agreement; and (ii) any event, occurrence, fact, condition or change referred to in clauses (i)(A) through (D) shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the Corporation compared to other participants in the industry in which the Corporation conducts its business;

“**Material Contracts**” includes:

- a) any contract involving aggregate consideration in excess of \$10,000 and that, in each case, cannot be cancelled without penalty or without more than 90 days’ notice;
- b) all contracts that require a Party to purchase its total requirements of any product or service from a third party or that contain “take or pay” provisions;
- c) all contracts that provide for the indemnification by a Party of any other Person or the assumption of any tax, environmental or other liability of any Person;
- d) all contracts that relate to the acquisition or disposition of any business, a material amount of shares or assets of any other Person or any real property (whether by amalgamation, sale or issue of shares, sale of assets or otherwise);
- e) all broker, distributor, dealer, manufacturer’s representative, franchise, agency, sales promotion, market research, marketing consulting and advertising contracts;
- f) all employment agreements and contracts with independent contractors or consultants (or similar arrangements) that are not cancellable without material penalty or without more than 90 days’ notice;
- g) except for contracts relating to trade receivables, all contracts relating to indebtedness (including guarantees);

- h) all contracts with any Governmental Authority;
- i) all contracts that limit or purport to limit the ability of a Party to compete in any line of business or with any Person or in any geographic area or during any period of time;
- j) any contracts that provide for any joint venture, partnership or similar arrangement;
- k) all shareholder agreements, pooling agreements, voting trusts or similar agreements with respect to the ownership or voting of any securities or restriction of the power of the directors to manage, or supervise the management, of the business and affairs of the Party;
- l) any other contract that is material to the Corporation and not previously disclosed in this Agreement.

“**Outside Date**” means October 11, 2020;

“**Parties**” means, collectively, the Vendor and the Purchaser, and “**Party**” means any of them;

“**Payment Shares**” has the meaning ascribed thereto in Section 2.2;

“**Person**” means an individual, body corporate with or without share capital, partnership, joint venture, unincorporated association, syndicate, sole proprietorship, trust, pension fund, union, governmental agency, board, tribunal, ministry, commission or department and the heirs, beneficiaries, executors, legal representatives or administrators of an individual;

“**Pooling Agreement**” means the pooling agreement to be entered into between the Purchaser and the Vendor on or about the Closing Date;

“**Purchase Price**” has the meaning attributed thereto in section 2.2;

“**Purchased Shares**” has the meaning attributed thereto in the recitals of this Agreement;

“**Representative**” means, with respect to any Person, any, and all, directors, officers, employees, consultants, financial advisors, lawyers, accountants and other agents of such Person;

“**Resignations and Releases**” has the meaning ascribed thereto in Section 5.10;

“**Standard Processing License**” means the Standard Processing License No. LIC-F2EAZ9Q876-2019 issued to the Corporation pursuant to the Cannabis Act;

“**Sub-Lease**” means the sub-lease for the property located at 68 Schooner Street, Unit 3, Coquitlam, British Columbia, V3K 7B1 entered into between the Purchaser and the Corporation on July 26, 2018;

“**Tax**” or “**Taxes**” means all taxes, surtaxes, duties, levies, imposts, fees, assessments, reassessments, withholdings, dues and other charges of any nature, imposed or collected by any Governmental Authority, whether disputed or not, including federal, provincial, territorial, state, municipal and local, foreign and other income, franchise, capital, real property, personal property, withholding, payroll, health, transfer, value added, alternative, or add on minimum tax including HST/GST, sales, use, consumption, excise, customs, anti-dumping, countervail, net worth, stamp, registration, franchise, payroll, employment, education, business, school, local improvement, development and occupation taxes, duties, levies, imposts, fees, assessments and withholdings and Canada Pension Plan contributions, employment insurance premiums and all other taxes and similar governmental charges, levies or assessments of any kind whatsoever imposed by any Governmental Authority including any installment payments, interest, penalties or other additions associated therewith, whether or not disputed;

“**Tax Period**” means any period prescribed by any Governmental Authority for which a Tax Return is required to be filed or Tax is required to be paid;

“**Tax Return**” means all reports, returns, information returns, claims for refunds, elections, designations, estimates, reports and other documents, including any schedule or attachments thereto, filed or required to be filed or supplied to any Governmental Authority in respect of Taxes and including any amendment thereof or attachment thereto;

“**Time of Closing**” has the meaning attributed thereto in section 3.1; and

“**Ulanowski 2018 Consulting Agreement**” means the consulting agreement entered into between the Purchaser and the Vendor on November 9, 2018.

1.2 Time of the Essence

Time shall be of the essence of each provision of this Agreement. Any extension, waiver or variation of any provision of this Agreement shall not be deemed to affect this provision and there shall be no implied waiver of this provision.

1.3 Calculation of Time

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. Where the last day of any such time period is not a Business Day, such time period shall be extended to the next Business Day following the day on which it would otherwise end.

1.4 Business Days

Whenever any action to be taken or payment to be made pursuant to this Agreement would otherwise be required to be taken or made on a day that is not a Business Day, such action shall be taken or such payment shall be made on the first Business Day following such day.

1.5 Currency

Unless otherwise specified, all references to amounts of money in this Agreement refer to Canadian dollars.

1.6 Headings

The descriptive headings preceding articles and sections of this Agreement are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of the content of such articles or sections. The division of this Agreement into articles and sections shall not affect the interpretation of this Agreement.

1.7 Plurals and Gender

Words in the singular include the plural and vice versa and words in one gender include all genders.

1.8 Statutory References

Any reference to a statute shall mean the statute in force as at the date of this Agreement (together with all regulations promulgated thereunder) as the same may be amended, re-enacted, consolidated or replaced from time to time, and any successor statute thereto, unless otherwise expressly provided.

1.9 Schedules

The schedules which are attached hereto are incorporated into this Agreement by reference and are deemed to be a part hereof.

Schedule "A" – Vendor's Bring Down Certificate

**ARTICLE 2
PURCHASE AND SALE OF PURCHASED SHARES**

2.1 Purchase and Sale of Purchased Shares

Subject to the terms and conditions of this Agreement, the Vendor hereby sells, transfers and absolutely assigns to Purchaser, the Purchased Shares, and the Purchaser hereby purchases and acquires the Purchased Shares.

2.2 Purchase Price

The aggregate consideration to be paid in respect of the Purchased Shares (collectively, the “**Purchase Price**”) shall be **\$385,000**, to be satisfied on Closing through the issuance of 1,000,000 common shares in the capital of the Purchaser (the “**Payment Shares**”).

**ARTICLE 3
CLOSING ARRANGEMENTS**

3.1 Place and Time of Closing

The closing shall take place at 10:00 a.m. on a date to be agreed upon by the Parties acting reasonably, but which shall be no later than 10 Business Days following satisfaction or waiver of the conditions to Closing set forth herein (the “**Time of Closing**”) at Beadle Raven LLP, 1090 West Georgia Street, Suite 600, Vancouver, British Columbia V6E 3V7, or such other location as is mutually agreed to by the Vendor and the Purchaser.

3.2 Transactions to be Effected at Closing

- a) At the Closing, Purchaser shall deliver to Vendor:
 - i. a certificate or DRS statement, as directed by the Vendor, representing the Payment Shares issued in the name of the Vendor or as the Vendor may direct in writing; and
 - ii. all other agreements, documents, instruments or certificates required to be delivered by Purchaser at or before the Closing under Section 6.1.

- b) At the Closing, the Vendor shall deliver to Purchaser:
 - i. a share certificate or notice to shareholder representing the Purchased Shares, free and clear of all Encumbrances, registered in the name of the Purchaser;
 - ii. the minute book and all other Books and Records of the Corporation; and

- iii. all other agreements, documents, instruments or certificates required to be delivered by Vendor at or before the Closing under Section 6.2.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Vendor

The Vendor hereby represents and warrants to the Purchaser (and acknowledges that the Purchaser is relying on the following representations and warranties in completing the transactions contemplated by this Agreement) that:

(a) **Corporate**

- i. The Corporation is a corporation incorporated and validly existing under the laws of the Province of British Columbia and has not been discontinued or dissolved under such Laws. No steps or proceedings have been taken to authorize or require such discontinuance or dissolution or, to Vendor's knowledge, the bankruptcy, insolvency, liquidation or winding up of the Corporation.
- ii. The Corporation has submitted all notices or returns of corporate information and other filings required by Law to be submitted by it to any Governmental Authority.
- iii. The Corporation has the corporate power and capacity to own, operate or lease the properties and assets now owned, operated or leased by it, including the Standard Processing License, and to carry on its business as it has been and is currently conducted.
- iv. All corporate actions taken by the Corporation in connection with this Agreement will be duly authorized on or before the Closing.

(b) **Vendor Authority**

The Vendor has all necessary power, authority and capacity to enter into this Agreement and to perform his obligations hereunder and the execution and delivery of this Agreement.

(c) **Binding Agreement, Validity of Transactions**

This Agreement constitutes a legal, valid, and binding obligation of the Vendor, enforceable in accordance with its terms (subject, as to the enforcement of remedies, to bankruptcy, reorganization, insolvency, moratorium, and other laws relating to or affecting creditors' rights generally and subject to the availability of equitable remedies). The execution and delivery of this

Agreement by the Vendor, the consummation of the transactions contemplated by this Agreement, and the fulfilment by the Vendor of his obligations under this Agreement will not:

- (i) contravene or violate or result in the breach (with or without the giving of notice or lapse of time, or both) or acceleration of any obligations of the Vendor or the Corporation under:
 - (A) any laws, statutes, ordinances, rules or regulations applicable to the Vendor or the Corporation;
 - (B) any judgment, order, writ, injunction, award or decree of any court or of any Governmental Authority which is presently applicable to the Vendor or the Corporation; or
 - (C) the provisions of any license, permit, approval, authorization, consent, agreement, arrangement or understanding to which the Vendor or the Corporation is a party or by which the Vendor or the Corporation is bound.

- (d) **Capitalization**
 - (i) The authorized capital of the Corporation consists of an unlimited number of Common Shares of which 7,500,000 Common Shares are issued and outstanding and constitute the Purchased Shares to be purchased by the Purchaser subject to the terms and conditions of this Agreement. All the Purchased Shares have been duly authorized, are validly issued, fully paid and non-assessable, and the Vendor is the registered and beneficial owner of the Purchased Shares, free and clear of all Encumbrances. Upon consummation of the transactions contemplated by this Agreement, Purchaser shall own all the Purchased Shares, free and clear of all Encumbrances.
 - (ii) All the Purchased Shares were issued in compliance with applicable Laws. None of the Purchased Shares were issued in violation of any agreement, arrangement or commitment to which Vendor or the Corporation is a party or is subject to or in violation of any pre-emptive or similar rights of any Person.
 - (iii) There are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character relating to any shares in the capital of the Corporation or obligating Vendor or the Corporation to issue or sell any shares of, or any other interest in, the Corporation. The Corporation does not have

outstanding or authorized any share appreciation, phantom share, profit participation or similar rights. There are no voting trusts or agreements, pooling agreements, unanimous shareholder agreements or other shareholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Purchased Shares.

(e) **Consents and Releases**

Other than the License Transfer, no consent or release, approval or authorization of, or declaration, filing (other than administrative filings with Tax authorities, companies' registries and the like) or registration with any Governmental Authority is required to be made or obtained by the Vendor or the Corporation prior to, or as a condition of, the consummation of the transactions contemplated in this Agreement.

(f) **Registration of Purchased Shares**

The Purchased Shares have been, and at all times up to and including the Time of Closing will be, registered in the name of the Vendor in the share register of the Purchaser.

(g) **Compliance with Laws; License**

- (i) the Corporation: (A) is and at all times has been in material compliance with all applicable statutes, rules, regulations, ordinances, orders, decrees and guidance including, without limitation the Cannabis Act, the Cannabis Regulations and any Laws relating in whole or in part to health and safety and/or the environment in all material respects; (B) has not received any correspondence or notice from Health Canada or any other Governmental Authority alleging or asserting material non-compliance with any Laws or any licenses (including the Standard Processing License), certificates, approvals, clearances, authorizations, permits and supplements or amendments thereto required by any such Laws (collectively, "**Authorizations**"); (C) possesses all Authorizations required for the conduct of the Business, and such Authorizations are valid and in full force and effect and the Corporation is not in violation of any term of any such Authorization; (D) has not received notice of any pending or threatened claim, suit, proceeding, charge, hearing, enforcement, audit, investigation, arbitration or other action from any Governmental Authority or third party alleging that any operation or activity of the Corporation is in violation of any Applicable Laws or Authorizations, and has no knowledge or reason to believe that any such Governmental Authority or third party is considering or would have reasonable grounds to consider any such claim, suit, proceeding, charge, hearing, enforcement, audit, investigation, arbitration or other action; (E) has not received notice that any Governmental Authority

has taken, is taking, or intends to take action to limit, suspend, modify or revoke any material Authorizations including the Standard Processing License and has no knowledge or reason to believe that any such Governmental Authority is considering taking or would have reasonable grounds to take such action; and (F) has, or has had on its behalf, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Applicable Laws or Authorizations to keep the Standard Processing License in good standing and that all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were materially complete and correct on the date filed (or were corrected or supplemented by a subsequent submission);

- (ii) The Vendor and the Corporation possess and are in material compliance with all Authorizations required to operate the Business. Each such Authorization is valid and in full force and effect. True and correct copies of all of such Authorizations have been made available to Purchaser. None of the Authorizations will be impaired or terminated or become terminable as a result of the transactions contemplated hereby or by any ancillary document or agreement contemplated herein.
- (iii) The Standard Processing License is in full force and effect and has not been revoked, suspended, cancelled, rescinded, terminated, modified and has not expired. There are no pending or, to the Vendor's knowledge, threatened Actions by or before any Governmental Authority to revoke, suspend, cancel, rescind, terminate and/or materially adversely modify the Standard Processing License.

(h) **Legal Proceedings**

There are no Actions pending, or to the Vendor's knowledge, threatened: (a) against or by the Corporation affecting any of its Assets (or by or against Vendor or any Affiliate thereof and relating to the Corporation); or (b) against or by the Corporation, Vendor or any Affiliate of the Vendor that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.

(i) **Books and Records**

The Books and Records of the Corporation, all of which have been made available to Purchaser, are complete and correct and have been maintained in accordance with sound business practices. The minute books of the Corporation contain accurate and complete records of all meetings, and resolutions in writing of, the shareholders, the board of directors and any

committees of the board of directors of the Corporation, and no meeting, or resolution in writing, of any such shareholders, or board of directors has been held for which minutes or resolutions in writing have not been prepared and are not contained in such minute books. At the Closing, all the Books and Records will be in the possession of the Corporation.

(j) **Undisclosed Liabilities**

The Corporation has no liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise except those that have been incurred in the ordinary course consistent with past practice and that are not, individually or in the aggregate, material in amount.

(k) **Material Contracts**

Other than the Sub-Lease and the Intellectual Property License, the Corporation has not entered into any Material Contracts.

(l) **Real Estate**

Other than the Sub-Lease, the Corporation does not, and has not, directly or indirectly, owned any legal or beneficial interest in any real property.

(m) **Intellectual Property**

- (i) The Corporation's rights in the Corporate IP are valid, subsisting and enforceable. The Corporation has taken all reasonable steps to maintain the Corporate IP and to protect and preserve the confidentiality of all trade secrets included in the Corporate IP, including requiring all Persons having access thereto to execute written non-disclosure agreements.
- (ii) The conduct of the business as currently and formerly conducted, and the products, processes and services of the Corporation, have not infringed, misappropriated, diluted or otherwise violated, and do not and will not infringe, dilute, misappropriate or otherwise violate the Intellectual Property or other rights of any Person. To the knowledge of the Vendor, no Person has infringed, misappropriated, diluted or otherwise violated, or is currently infringing, misappropriating, diluting or otherwise violating, any Corporate IP.
- (iii) There are no Actions (including any oppositions, expungement proceedings, interferences or re-examinations) settled, pending or threatened (including in the form of offers to obtain a licence): (i) alleging

any infringement, misappropriation, dilution or violation of the Intellectual Property of any Person by the Corporation; (ii) challenging the validity, enforceability, registrability or ownership of any Corporate IP or the Corporation's rights with respect to any Corporate IP; or (iii) by the Corporation or any other Person alleging any infringement, misappropriation, dilution or violation by any Person of the Corporate IP. The Corporation is not subject to any outstanding or prospective order of a Governmental Authority (including any application or petition therefor) that does or would restrict or impair the use of any Corporate IP.

(n) **Tax**

- (i) The Corporation has duly and timely filed all its Tax Returns with all appropriate Governmental Authorities. Each such Tax Return was true, correct and complete in all material respects. All Taxes due and payable by the Corporation for periods (or portions thereof) ending on or before the Closing (whether or not shown due on any Tax Returns and whether or not assessed or reassessed by the appropriate Governmental Authority) have been paid.
- (ii) No Governmental Authority of a jurisdiction in which the Corporation has not filed a Tax Return has made any claim that the Corporation is or may be subject to Tax or required to file Tax Returns by that Governmental Authority in such jurisdiction. There is no basis for a claim that the Corporation is subject to Tax in a jurisdiction in which the Corporation does not file Tax Returns.
- (iii) There are no matters under audit or appeal with any Governmental Authority relating to Taxes of the Corporation.
- (iv) True copies of all Tax Returns prepared and filed by the Corporation since the date of incorporation, together with any notices of assessment of the Corporation during such time, have been made available to Purchaser on or before the date of this Agreement.
- (v) The Corporation has not received any notice from any Governmental Authority that it is taking steps to assess any additional Taxes against the Corporation for any period for which Tax Returns have been filed and, to Vendor's knowledge, there are no actual or pending audit investigations or other Actions of, or against, the Corporation by any Governmental Authority relating to Taxes. No Governmental Authority has given notice

of any intention to assert any deficiency or claim for additional Taxes against the Corporation.

- (vi) The Corporation has not waived any statute of limitation in respect of Taxes or agreed to 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) the Corporation is required to pay or remit amounts on account of Taxes; or (iii) any Governmental Authority may assess or collect Taxes for which the Corporation may be liable.
- (vii) Neither Vendor nor the Corporation is a non-resident of Canada within the meaning of the Act.
- (viii) For all transactions between the Corporation and any Person not resident in Canada for purposes of the Act with whom the Corporation was not dealing at arm's length, the Corporation has made or obtained records or documents that meet the requirements of sections 247(4)(a) to (c) of the Act. There are no transactions to which section 247(2) or (3) of the Act may reasonably be expected to apply.
- (ix) The Corporation has duly and timely withheld or collected the proper amount of Taxes that are required by Law to be withheld or collected (including Taxes and other amounts required to be withheld by it in respect of any Person, including any employee, officer or director and any Person not resident in Canada for purposes of the Act) and have duly and timely remitted to the appropriate Governmental Authority such Taxes and other amounts required to be remitted by the Corporation.
- (x) Except for the acquisition of control that will occur by virtue of the execution of this Agreement, for purposes of the Act or any other applicable Law, no Person or group of Persons other than the Vendor has ever acquired control of the Corporation.
- (xi) None of section 78, 80, 80.01, 80.02, 80.03 or 80.04 of the Act, or any equivalent provision of the Laws of any province, territory or any other jurisdiction, has applied or will apply to the Corporation at any time up to and including the Closing in a manner that would give rise to material incremental Tax liabilities or material reduction in Tax attributes.
- (xii) The Corporation has not acquired property or services from, or disposed of property to, a non-arm's length Person (within the meaning of the Act) for

consideration, the value of which is less than the fair market value of the property or services, as the case may be.

- (xiii) The Corporation is registered for GST purposes under Part IX of the *Excise Tax Act* (Canada) under registration number 750822512 RT 0001;
- (xiv) The Corporation is not a party to, or bound by, any Tax indemnity, Tax sharing or Tax allocation agreement.
- (xv) No Tax rulings have been requested or issued by any Tax authority with respect to the Corporation.
- (xvi) The Corporation has never paid any dividends.

(o) **Insurance**

Section 4.1(o) of the Disclosure Letter sets forth a true and complete list of all current policies or binders of fire, liability, product liability, umbrella liability, real and personal property, workplace safety and insurance, workers' compensation, vehicle, directors' and officers' liability, fiduciary liability and other casualty and property insurance maintained by Vendor or its Affiliates (including the Corporation) and relating to the Assets, Business, operations, employees, officers and directors of the Corporation (collectively, the "**Insurance Policies**") and true and complete copies of each of the Insurance Policies have been made available to Purchaser. The Insurance Policies are in full force and effect and shall remain in full force and effect following the consummation of the transactions contemplated by this Agreement. Neither Vendor nor any of its Affiliates (including the Corporation) has received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, any of any Insurance Policies. All premiums due on the Insurance Policies have either been paid or, if due and payable before Closing, will be paid before Closing in accordance with the payment terms of each Insurance Policy. The Insurance Policies do not provide for any retrospective premium adjustment or other experience-based liability on the part of the Corporation. All such Insurance Policies: (a) are valid and binding in accordance with their terms; and (b) have not been subject to any lapse in coverage. There are no claims related to the Business pending under any Insurance Policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. None of Vendor or any of its Affiliates (including the Corporation) is in default under, or has otherwise failed to comply with, in any material respect, any provision contained in any Insurance Policy. The Insurance Policies are of the type and in the amounts customarily carried by Persons conducting a business that is similar to the Business of the Corporation and are sufficient for compliance with all applicable Laws and contracts to which the Corporation is a party or by which it is bound.

(p) **Bank Accounts**

Section 4.1(p) of the Disclosure Letter sets forth a complete and correct list of all banks or other financial institutions with which the Corporation has an account, showing the type and account number for each such account, and the names of the persons authorized as signatories thereon or to act or deal in connection therewith.

4.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to the Vendor (and acknowledges that the Vendor is relying on the following representations and warranties in completing the transactions contemplated by this Agreement) that:

(a) **Corporate**

- i. The Purchaser is a corporation incorporated and validly existing under the laws of the Province of British Columbia and has not been discontinued or dissolved under such Laws. No steps or proceedings have been taken to authorize or require such discontinuance or dissolution or, to Purchaser's knowledge, the bankruptcy, insolvency, liquidation or winding up of the Purchaser.
- ii. The Purchaser has submitted all notices or returns of corporate information and other filings required by Law to be submitted by it to any Governmental Authority.
- iii. The Purchaser has the corporate power and capacity to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it has been and is currently conducted.
- iv. All corporate actions taken by the Purchaser in connection with this Agreement will be duly authorized on or before the Closing.

(b) **Authority**

The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder.

(c) **Binding Agreement, Validity of Transactions**

This Agreement constitutes a legal, valid and binding obligation of the Purchaser, enforceable in accordance with its terms (subject, as to the enforcement of remedies, to bankruptcy, reorganization, insolvency, moratorium, and other laws relating to or affecting creditors' rights generally and subject to the availability of equitable remedies). The execution and delivery of this Agreement by the Purchaser, the consummation of the transactions contemplated hereby and thereby, and the fulfilment by the Purchaser of its obligations hereunder will not:

- (i) contravene or violate or result in the breach (with or without the giving of notice or lapse of time, or both) or acceleration of any obligations of the Purchaser under:
 - (A) any laws, statutes, ordinances, rules or regulations applicable to the Purchaser;
 - (B) any judgement, order, writ, injunction, award or decree of any court or of any Governmental Authority which is presently applicable to the Purchaser; or
 - (C) the provisions of any license, permit, approval, authorization, consent, agreement, arrangement or understanding to which the Purchaser is a party or by which the Purchaser is bound.

(d) **Capitalization**

- (i) The authorized capital of the Purchaser consists of an unlimited number of common shares of which 108,123,044 are issued and outstanding.
- (ii) The Payment Shares have been reserved for issuance and on Closing will be duly authorized, validly issued, fully paid and non-assessable Common Shares of the Purchaser.

(e) **Consents and Releases**

Other than the CSE Approval, no consent or release, approval or authorization of, or declaration, filing (other than administrative filings with Tax authorities, companies' registries and the like) or registration with any Governmental Authority is required to be made or obtained by the Purchaser prior to, or as a condition of, the consummation of the transactions contemplated in this Agreement.

(f) **Reporting Issuer**

The Purchaser is a "reporting issuer" within the meaning of applicable Canadian Securities Laws in Alberta, Ontario, and British Columbia, and is not on the list of reporting issuers in default under Canadian Securities Laws, and no securities commission or similar regulatory authority has issued any order preventing or suspending trading of any securities of the Purchaser, and the Purchaser is not in default of any provision of Canadian Securities Laws. Trading in the Purchaser's common shares on the CSE is not currently halted or suspended. No delisting, suspension of trading or cease trading order with respect to any securities of the Purchaser is pending or, to the knowledge of the Purchaser, threatened.

(g) **Residency for Tax Purposes**

Purchaser is not a non-resident of Canada for purposes of the Act.

4.3 Survival of Vendor's Representations and Warranties

The representations and warranties of the Vendor contained in this Agreement or in any document or certificate given pursuant to this Agreement shall survive the Closing for the benefit of the Purchaser as follows:

- (a) as to the representations and warranties contained in section 4.1(d), indefinitely; and
- (b) as to all other matters, for a period of one year, unless a *bona fide* notice of a claim shall have been given in writing before the expiry of that period, in which case the representation and warranty to which such notice applies shall survive in respect of that claim until the final determination or settlement of that claim.

4.4 Survival of Purchaser's Representations and Warranties

The representations and warranties of the Purchaser contained in this Agreement or any document or certificate given pursuant to this Agreement shall survive the Closing for the benefit of the Vendor for a period of two years from the date hereof unless a *bona fide* notice of claim shall have been made in writing before the expiry of that period, in which case the representation and warranty to which such notice applies shall survive in respect of that claim until the final determination or settlement of that claim.

**ARTICLE 5
COVENANTS**

5.1 Conduct of Business Before the Closing

From the date hereof until the Closing, except as otherwise provided in this Agreement or consented to in writing by Purchaser (which consent shall not be unreasonably withheld or delayed), each of the Vendor and the Purchaser shall, and the Vendor shall cause the Corporation to: (a) conduct its business in the ordinary course consistent with past practice; and (b) use reasonable best efforts to maintain and preserve intact its current organization and business and to preserve the rights, franchises, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having business relationships with it. Without limiting the generality of the foregoing, from the date hereof until the Closing, Vendor shall cause the Corporation to:

- a) use commercially reasonable best efforts, including without limitation to make all necessary filings, to preserve and maintain the Standard Processing License;

- b) pay its debts, Taxes and other obligations when due;
- c) maintain the Assets owned, operated or used by the Corporation in the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;
- d) continue in full force and effect without modification all Insurance Policies, except as required by applicable Law;
- e) defend and protect its Assets from infringement or usurpation;
- f) perform all its obligations under all contracts relating to or affecting its Assets or Business;
- g) maintain the Books and Records in accordance with past practice;
- h) not make any loans, advances or capital contributions to any Person;
- i) not (A) make, change or revoke, or permit the Corporation to make, change or revoke, any Tax election, or file or cause to be filed an amended Tax Return unless required by Law or (B) make, or permit the Corporation to make, any change in any Tax or accounting methods or policies or systems of internal accounting controls, except to conform to changes in Laws related to Taxes or accounting requirements;
- j) not (A) terminate (otherwise than for cause) the employment or services of any director, officer or manager or (B) grant any severance or termination pay to any director, officer or manager or any other employee;
- k) comply in all material respects with all applicable Laws; and
- l) not take or permit any action that would cause any of the following changes, events or conditions to occur:
 - i. an event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;
 - ii. amendment of the Articles, by-laws, unanimous shareholder agreement or other constating documents of the Corporation;
 - iii. split, consolidation or reclassification of any shares in the Corporation;

- iv. issuance, sale or other disposition of any shares in the Corporation, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any shares in the Corporation;
- v. declaration or payment of any dividends or distributions on or in respect of any shares in the Corporation or redemption, retraction, purchase or acquisition of its shares;
- vi. material change in any method of accounting or accounting practice of the Corporation, except as required by GAAP;
- vii. material change in the Corporation's cash management practices and its policies, practices and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits;
- viii. entry into any contract, outside of the normal course of business, that would constitute a Material Contract. For further clarity, it is expected that the Corporation will enter into supply agreements to purchase cannabis biomass and will enter into services agreements to provide cannabis processing services and for the sale of cannabis derived products;
- ix. incurrence, assumption or guarantee of any indebtedness for borrowed money except unsecured current obligations and liabilities incurred in the ordinary course consistent with past practice;
- x. transfer, assignment, sale or other disposition of any of the Assets or cancellation of any debts or entitlements;
- xi. transfer, assignment or grant of any licence or sublicense of any material rights under or with respect to any Corporate IP;
- xii. material damage, destruction or loss (whether or not covered by insurance) to any of its Assets;
- xiii. any capital investment in, or any loan to, any other Person;
- xiv. acceleration, termination, material modification to or cancellation of any Material Contract to which the Corporation is a party or by which it is bound;

- xv. any material capital expenditures;
- xvi. imposition of any Encumbrance upon any of the Purchased Shares or Assets, tangible or intangible;
- xvii. (i) grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of its current or former employees, officers, directors, independent contractors or consultants, other than as provided for in any written agreements or required by applicable Law; (ii) change in the terms of employment for any employee or any termination of any employees; or (iii) action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, director, independent contractor, or consultant;
- xviii. hiring or promoting any individual as or to (as the case may be) an officer or director or hiring or promoting any employee;
- xix. adoption, modification or termination of any: (i) employment, severance, retention or other agreement with any current or former employee, officer, director, independent contractor or consultant; (ii) benefit plan; or (iii) collective agreement, in each case, whether written or oral;
- xx. any loan to (or forgiveness of any loan to), or entry into any other transaction with, any non-arm's length Person (within the meaning of the Act);
- xxi. entry into a new line of business or abandonment or discontinuance of existing lines of business;
- xxii. adoption of any amalgamation, arrangement, reorganization, liquidation or dissolution or the commencement of any proceedings by the Corporation or its creditors seeking to adjudicate the Corporation as bankrupt or insolvent, making a proposal with respect to the Corporation under any Law relating to bankruptcy, insolvency, reorganization, arrangement or compromise of debts or similar laws, appointment of a trustee, receiver, receiver-manager, agent, custodian or similar official for the Corporation or for any substantial part of its Assets;
- xxiii. purchase, lease or other acquisition of the right to own, use or lease any Assets for an amount in excess of \$5,000, individually (in the case of a lease,

per annum) or \$10,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the ordinary course consistent with past practice;

- xxiv. acquisition by amalgamation or arrangement with, or by purchase of a substantial portion of the assets or shares of, or by any other manner, any business or any Person or any division thereof;
- xxv. action by the Corporation to make, change or rescind any Tax election, amend any Tax Return or take any position on any Tax Return, take any action, omit to take any action or enter into any other transaction that would have the effect of increasing the Tax liability or reducing any Tax asset or attribute of the Corporation; or
- xxvi. any contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

5.2 Access to Information

From the date hereof until the Closing, Vendor shall, and shall cause the Corporation to: (a) afford Purchaser and its Representatives full and free access to and the right to inspect all of the Assets, premises, Books and Records, contracts and other documents and data related to the Corporation; (b) furnish Purchaser and its Representatives with such financial, operating and other data and information related to the Corporation as Purchaser or any of its Representatives may reasonably request; and (c) instruct the Representatives of Vendor and the Corporation to cooperate with Purchaser in its investigation of the Corporation.

5.3 No Solicitation of Other Bids

Vendor shall not, and shall not authorize or permit any of its Affiliates (including the Corporation) or any of its or their Representatives to, directly or indirectly: (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. Vendor shall immediately cease and cause to be terminated, and shall cause its Affiliates (including the Corporation) and all its and their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Person conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. For purposes hereof, “**Acquisition Proposal**” shall mean any inquiry, proposal or offer from any Person (other than Purchaser or any of its Affiliates) concerning: (i) a merger, amalgamation, arrangement, liquidation, recapitalization, share exchange or other business combination transaction involving the Corporation; (ii) the issuance or acquisition of shares in the capital, or other equity securities, of the Corporation; or (iii) the sale, lease, exchange

or other disposition of the Standard Processing License or substantially all or any significant portion of the Corporation's Assets.

5.4 Notice of Certain Events

From the date hereof until the Closing, each Party shall promptly notify the other Party in writing of any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by a Party hereunder not being true and correct, or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth herein to be satisfied.

5.5 Confidentiality

From and after the Closing, Vendor shall, and shall cause its Affiliates to, hold, and shall use its reasonable best efforts to cause its or their respective Representatives to hold, in confidence any and all information, whether written or oral, concerning the Corporation, except to the extent that Vendor can show that such information: (a) is generally available to, and known by, the public through no fault of Vendor, any of its Affiliates or any of their respective Representatives; or (b) is lawfully acquired by Vendor, any of its Affiliates or any of their respective Representatives from sources that are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation. If Vendor, any of its Affiliates or any of their respective Representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, Vendor shall promptly notify Purchaser in writing and shall disclose only that portion of such information that Vendor is advised by its counsel in writing is legally required to be disclosed; provided that Vendor shall use its reasonable best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

5.6 Transfer of Standard Processing License

From the date hereof to the Time of Closing the Vendor shall cooperate fully with the Purchaser to accurately complete and submit an application to Health Canada for an amendment to the Standard Processing License pursuant to the provisions of the Cannabis Act (and more particularly, Section 32 of the Cannabis Regulations) (the "**License Transfer**") in order to reflect the change of control of the holder of the Standard Processing License.

5.7 Governmental Filings, Approvals and Consents

Vendor and Purchaser shall use their respective commercially reasonable efforts to give all notices to, and obtain all consents from, all third parties that are described herein including the CSE Approval and the License Transfer.

5.8 Public Announcements

Unless otherwise required by applicable Law or the CSE (based upon the reasonable advice of counsel), no Party to this Agreement shall make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other Party (which consent shall not be unreasonably withheld or delayed), and the Parties shall cooperate as to the timing and contents of any such announcement.

5.9 Notice of Certain Events

From the date hereof until the Closing, each of the Vendor and the Purchaser shall promptly notify the other Party in writing of any:

- i. fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by it hereunder not being true and correct, or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth herein to be satisfied;
- ii. notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;
- iii. notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and
- iv. Actions commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting it (or, in the case of the Vendor, affecting the Corporation) that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to the terms hereof or that relates to the consummation of the transactions contemplated by this Agreement.

Receipt of information under this Section 5.9 by a Party shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by the other Party in this Agreement and, in the case of any representation, warranty or agreement given or made by the Vendor, shall not be deemed to amend or supplement the Disclosure Letter.

5.10 Resignations

Vendor shall deliver to Purchaser written resignations and mutual releases, effective as of the Closing Date, of the officers and directors of the Corporation or as otherwise requested by Purchaser at least five Business Days before the Closing (the “**Resignations and Releases**”).

5.11 Consulting Agreement

The terms and conditions of the Ulanowski 2018 Consulting Agreement shall continue with full force and effect after the Time of Closing.

5.12 Pooling Agreement

Vendor and Purchaser shall negotiate in good faith and enter into the Pooling Agreement on or before the Closing Date, under which the Payment Shares shall be subject to a pooling arrangement which restricts the ability of the Vendor to transfer or trade the Payment Shares and shall be released over a period of 18 months as follows: 25% of the Payment Shares shall be released on the Closing Date; 25% of the Payment Shares shall be released on the date which is six months after the Closing Date; 25% of the Payment Shares shall be released on the date which is 12 months after the Closing Date; and the remaining 25% of the Payment Shares shall be released on the date which is 18 months after the Closing Date.

5.13 Proceedings for Transfer of Purchased Shares

At or before the Time of Closing, the Vendor and the Corporation will cause all necessary steps and corporate proceedings to be taken in order to authorize and permit the Purchased Shares to be duly and regularly transferred to the Purchaser.

5.14 Further Assurances

Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

**ARTICLE 6
CONDITIONS TO CLOSING**

6.1 Conditions to Closing in Favour of the Vendor

The obligations of the Vendor under this Agreement shall be conditional upon the following:

- (a) the representations and warranties of Purchaser set out in this Agreement and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects);
- (b) Purchaser shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it before or on the Closing Date; provided that, with respect to agreements, covenants and conditions that are qualified by materiality, Purchaser shall have performed such agreements, covenants and conditions, as so qualified, in all respects;
- (c) Vendor shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of the Purchaser, that each of the conditions set forth in Section 6.1(a) and Section 6.1(b) has been satisfied;
- (d) the Purchaser issuing from treasury the Payment Shares;
- (e) the Purchaser delivering to the Vendor a certificate of the Chief Financial Officer of the Purchaser, in his capacity as an officer of the Purchaser and without personal liability, certifying as to:
 - (i) the articles of incorporation, as amended, of the Purchaser;
 - (ii) the by-laws of the Purchaser;
 - (iii) resolutions of the board of directors of the Purchaser approving this Agreement and any documents ancillary hereto; and
 - (iv) the incumbency certificates of the Purchaser's officers who are authorized to execute, deliver and perform this Agreement and any other agreements, instruments, certificate or other documents required to be executed by it in connection herewith;
- (f) the receipt of the CSE Approval;
- (g) the completion of the License Transfer;
- (h) the entering into of the Ulanowski 2019 Consulting Agreement;

- (i) the entering into of the Pooling Agreement;
- (j) the preparation, execution and delivery of such other documentation as the Vendor and his legal counsel may reasonably require;
- (k) there shall not have been issued any injunction, order, decree or ruling that prohibits or limits any of the transactions contemplated by this Agreement and there shall not be any action, suit, proceeding or investigation pending or, to the best knowledge of the Purchaser, threatened that (1) draws into question the validity, legality or enforceability of this Agreement or the consummation of the transactions contemplated hereby or (2) might result, in the judgment of the Vendor, (A) in the imposition of a penalty if the Purchased Shares were delivered as contemplated hereunder or (B) in any Material Adverse Effect; and
- (l) the Purchaser shall deliver to the Vendor a Certificate of Good Standing dated as of the most recent practicable date prior to the Closing Date issued by British Columbia Registry Services to the effect that the Purchaser is legally existing and in good standing under the laws of the Province of British Columbia.

The foregoing conditions are inserted for the exclusive benefit of the Vendor and may be waived, in whole or in part, by the Vendor and will be deemed to have been so waived if the purchase of the Purchased Shares from the Vendor is completed.

6.2 Conditions of Closing in Favour of the Purchaser

The obligations of the Purchaser under this Agreement shall be conditional upon the following:

- (a) the representations and warranties of Vendor set out in this Agreement and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects);
- (b) Vendor shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it before or on the Closing Date; provided that, with respect to agreements, covenants and conditions that are qualified by materiality, Vendor shall have performed such agreements, covenants and conditions, as so qualified, in all respects;

- (c) Purchaser shall have received a certificate, dated the Closing Date and signed by the Vendor, that each of the conditions set forth in Section 6.2(a) and Section 6.2(b) has been satisfied and which includes additional representations and warranties with respect to the operations of the Business by the Corporation during the period from the date hereof to the Closing Date which shall be in the form attached hereto as Schedule "A";
- (d) the Vendor delivering to the Purchaser an original share certificate or notice to shareholder evidencing the Purchased Shares;
- (e) the Vendor delivering to the Purchaser a certificate of the President of the Corporation, in his capacity as an officer of the Corporation and without personal liability, certifying as to:
 - (v) the articles of incorporation, as amended, of the Corporation;
 - (vi) the by-laws of the Corporation;
 - (vii) resolutions of the board of directors of the Corporation approving this Agreement and any documents ancillary hereto; and
 - (viii) the incumbency certificates of the Corporation's officers who are authorized to execute, deliver and perform this Agreement and any other agreements, instruments, certificate or other documents required to be executed by it in connection herewith;
- (f) the receipt of the CSE Approval;
- (g) the receipt of the Resignations and Releases;
- (h) the successful completion of the License Transfer;
- (i) the entering into of the Ulanowski 2019 Consulting Agreement;
- (j) the entering into of the Pooling Agreement;
- (k) the preparation, execution and delivery of such other documentation as the Purchaser and their legal counsel may reasonably require;
- (l) there shall not have been issued any injunction, order, decree or ruling that prohibits or limits any of the transactions contemplated by this Agreement and there shall not be any action, suit, proceeding or investigation pending or, to the best knowledge of the Vendor, threatened that (1) draws into question the validity, legality or enforceability of this Agreement or the consummation of the transactions

contemplated hereby or (2) might result, in the judgment of the Purchaser, (A) in the imposition of a penalty if the Purchased Shares were delivered as contemplated hereunder or (B) in any Material Adverse Effect; and

- (m) the Vendor shall deliver to the Purchaser a Certificate of Good Standing dated as of the most recent practicable date prior to the Closing Date issued by British Columbia Registry Services to the effect that the Corporation is legally existing and in good standing under the laws of the Province of British Columbia.

The foregoing conditions are inserted for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser and will be deemed to have been so waived if the purchase of the Purchased Shares from the Vendor is completed.

ARTICLE 7 TERMINATION

7.1 Termination

This Agreement may be terminated at any time before the Closing:

- a) By the mutual written consent of Vendor and Purchaser.
- b) By Purchaser by written notice to Vendor if:
 - i. Purchaser is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Vendor under this Agreement that would give rise to the failure of any of the conditions specified herein, and such breach, inaccuracy or failure has not been cured by Vendor within 10 Business Days of Vendor's receipt of written notice of such breach from Purchaser; or
 - ii. any of the conditions set forth in Section 6.2 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Outside Date, unless such failure shall be due to the failure of Purchaser to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it before the Closing Date.
- c) By Vendor by written notice to Purchaser if:
 - i. Vendor is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Purchaser under

this Agreement that would give rise to the failure of any of the conditions specified herein, and such breach, inaccuracy or failure has not been cured by Purchaser within 10 Business days of Purchaser's receipt of written notice of such breach from Vendor; or

- ii. any of the conditions set forth in Section 6.1 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Outside Date, unless such failure shall be due to the failure of Vendor to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it before the Closing Date.

d) By Purchaser or Vendor if:

- i. there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited; or
- ii. any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable.

7.2 Effect of Termination

In the event of the termination of this Agreement in accordance with this Article 7, this Agreement shall forthwith have no further force or effect and there shall be no liability on the part of any party hereto except:

- a) as set forth in Section 5.5, this Article 7, and Article 9; and
- b) that nothing herein shall relieve any party hereto from liability for any wilful breach of any provision hereof.

ARTICLE 8 TAX MATTERS

8.1 Stated Capital Account.

Notwithstanding that the Purchase Price received by Vendor for the transfer of the Purchased Shares is the fair market value of the Payment Shares transferred from Purchaser to Vendor in consideration therefor, the Parties hereto agree that Vendor shall add to the stated capital account maintained in respect of the Purchased Shares an amount equal to the paid-up capital of the Purchased Shares for purposes of the Income Tax Act (Canada).

8.2 **Tax Elections**

Purchaser and Vendor will jointly elect or cause a joint election to be made in the forms prescribed under subsection 85(1) of the Act and under any and all equivalent provisions of any other applicable provincial legislation, in respect of the transfer of the Purchased Shares in form and substance mutually agreeable. For greater certainty, the amounts which Purchaser and Vendor will set out in the election forms prescribed under subsection 85(1) of the Act, and under any and all equivalent provisions of any other applicable provincial legislation, in respect of the transfer of the Purchased Shares will be mutually agreed between them. The Purchaser shall be responsible for completing the joint election in prescribed form and for filing such election in prescribed manner and within the prescribed time.

ARTICLE 9
GENERAL

9.1 **Expenses**

Except as otherwise expressly provided herein, all costs and expenses, including fees, disbursements and charges of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs and expenses, whether or not the Closing shall have occurred; provided that Purchaser and Vendor shall be equally responsible for all filing and other similar fees payable in connection with any filings or submissions in connection with the License Transfer.

9.2 **Confidentiality**

Except as may be required by Law, the terms of this Agreement shall be kept strictly confidential by the Parties. Each Party covenants and agrees that it shall not, without the prior written consent of the other, announce or disclose the existence of any transaction contemplated by this Agreement or any terms and conditions of same.

9.3 **Assignment and Enurement**

Neither this Agreement nor any benefits or duties accruing under this Agreement shall be assignable by any Party without the prior written consent of the other. Subject to the foregoing, this Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

9.4 **Entire Agreement**

This Agreement, and any document delivered pursuant to this Agreement, constitutes the entire agreement between the Parties with respect to the matters herein and

supersedes all prior agreements, understandings, negotiations and discussions relating to the subject matter hereof. There are no other covenants, agreements, representations, warranties, conditions, whether direct or collateral, express or implied, that form part of or affect this Agreement except as otherwise provided in this Agreement. The execution of this Agreement has not been induced by, nor do any of the Parties rely upon or regard as material, any representations, promises, agreements or statements not incorporated into this Agreement. This Agreement shall not be amended, added to or qualified except by written agreement signed by all of the Parties.

9.5 **Waiver**

Except as otherwise expressly set out herein, no waiver of any provision of this Agreement shall be binding unless it is in writing and signed by the Party or Parties providing such waiver. No indulgence or forbearance by a Party shall constitute a waiver of such Party's right to insist on performance in full and in a timely manner of all other terms, covenants and conditions in this Agreement.

9.6 **Notices**

All notices, requests, demands or other communications required or permitted to be given by one Party to another under this Agreement shall be given in writing and delivered by personal delivery or delivery by recognized commercial courier, sent by email or delivered by registered mail, postage prepaid, addressed as follows:

For Purchaser:

304-68 Water Street
Vancouver, BC V3G 0A4

Attention: Charles Ackerman, CFO
Email: charles@nextleafsolutions.com

with a copy, which shall not constitute notice, to:

Aird & Berlis LLP
Barristers & Solicitors
Brookfield Place, 18th Floor
Toronto, ON M5J 2T9

Attention: Melanie Cole
Email: mcole@airdberlis.com

For Vendor:

Thomas Ulanowski
[address redacted]

Attention: Thomas Ulanowski
Email: tom.ulanowski@gmail.com

with a copy, which shall not constitute notice, to:

Beadle Raven LLP
#600 – 1090 West Georgia Street
Vancouver, BC V6E 3V7

Attention: Michael Raven
Email: mraven@beadleraven.com

or at such other address, or email address of which the addressee may from time to time may notify in writing. Any notice delivered by personal delivery or by courier to the Party to whom it is addressed as provided above shall be deemed to have been given and received on the day it is so delivered at such address. If such day is not a Business Day, or if the notice is received after 4:00 p.m. (addressee's local time), then the notice shall be deemed to have been given and received on the next Business Day. Any notice sent by prepaid registered mail shall be deemed to have been given and received on the second Business Day following the date of its mailing. Any notice transmitted by email shall be deemed to have been given and received the following Business Day after the email is sent.

9.7 Severability

If any provision of this Agreement or portion thereof or the application thereof to any Person or circumstance shall to any extent be invalid or unenforceable: (a) the remainder of this Agreement or the application of such provision or portion thereof to any other Person or circumstance shall not be affected thereby; and (b) the Parties will negotiate in good faith to amend this Agreement to implement the intentions set forth herein.

9.8 Execution by Facsimile or Electronic Format

The signature of any of the Parties hereto may be evidenced by a facsimile or portable document format (.pdf) copy of this Agreement bearing such signature.

9.9 **Counterparts**

This Agreement may be signed in one or more counterparts, each of which, once signed, shall be deemed to be an original and all such counterparts, taken together, shall constitute one and the same instrument. Notwithstanding the date of execution of any counterpart, each counterpart shall be deemed to bear the effective date set forth above.

9.10 **Governing Law and Jurisdiction for Disputes**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and shall be treated, in all respects, as an British Columbia contract. All of the Parties to this Agreement irrevocably submit to the exclusive jurisdiction of the courts of the Province of British Columbia.

9.11 **Independent Legal Advice**

The Vendor acknowledges and agrees that:

- a) Aird & Berlis LLP have acted and are acting as counsel only to the Purchaser and that Aird & Berlis LLP have not protected and are not protecting the rights and interests of the Vendor.
- b) Aird & Berlis LLP have given the Vendor the opportunity to seek independent legal advice with respect to the subject matter of this Agreement and, further, the Vendor hereby represents and warrants that they have sought independent legal advice or waived such advice.

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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

NEXTLEAF SOLUTIONS LTD.

Per:

“Charles Ackerman”
Authorized Signatory

“Thomas Ulanowski”
Thomas ulanowski

Schedule "A"

Vendor Bring Down Certificate

TO: Nextleaf Solutions Ltd. (the "**Purchaser**")

RE: Share Purchase Agreement (the "**Purchase Agreement**") dated October 11, 2019, between the Purchaser and Thomas Ulanowski (the "**Vendor**") relating to the acquisition by the Purchaser of all of the issued and outstanding securities of Nextleaf Labs Ltd. (the "**Corporation**")

Certain capitalized words used in this certificate are defined in Exhibit "A" to this certificate. All capitalized terms not defined in Exhibit "A" or otherwise defined herein shall be deemed to have the meaning ascribed to them in the Purchase Agreement. This certificate is delivered pursuant to subsection 6.2(c) of the Purchase Agreement.

The undersigned hereby certifies, after having made due enquiry, that:

1. The representations and warranties of Vendor set out in the Purchase Agreement and any certificate or other writing delivered pursuant thereto are true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the date hereof with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects);
2. Each of the Vendor and the Corporation has duly performed and complied in all material respects with all agreements, covenants and conditions required by the Purchase Agreement to be performed or complied with by it before or as of the date hereof; provided that, with respect to agreements, covenants and conditions that are qualified by materiality, each of the Vendor and the Corporation has performed such agreements, covenants and conditions, as so qualified, in all respects;
3. Employees:
 - a. Section 3(a) of the disclosure schedules attached hereto as Exhibit "B" (the "**Certificate Disclosure Schedules**") sets forth the list of Employees, which indicates: (i) the titles of all Employees and the location of their employment; (ii) the date each Employee was hired; (iii) which Employees are subject to a written employment agreement with the Corporation; (iv) the annual wage of each Employee at the date of such list, any bonuses paid to each Employee since the end

of the Corporation's last completed financial year and before the date of such list and all other bonuses, incentive schemes, benefits, commissions and other material compensation to which each Employee is entitled; (v) the vacation days to which each Employee is entitled on the date of such list; (vi) the Employees that are not actively working on the date of the Purchase Agreement due to leave of absence, illness, injury, accident or other disabling condition; (vii) the amount of any severance, termination, or entitlements owing including on a change of control.

- b. The Corporation is not currently, and has not been, a party to any Collective Agreement. No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any of the Employees including by way of certification, interim certification, voluntary recognition, related employer or successor employer rights, or has applied or threatened to apply to be certified as the bargaining agent of any of the Employees.
- c. Section 3(c) of the Certificate Disclosure Schedules lists: (i) all Persons who are currently performing services for the Corporation as Independent Contractors under a contract whether oral or in writing; and (ii) the current rate of compensation and total fees paid to each such Person. Each of the Independent Contractors provides services to the Corporation under a standard form agreement, and a copy of each standard form agreement has been made available to Purchaser.
- d. No notice in writing has been received by the Corporation of any complaint filed by any of its Employees or former employees against the Corporation or any current or former director or officer thereof or is threatened or pending, claiming or alleging that the Corporation has violated any Laws applicable to the employee or human rights or of any complaints or Actions of any kind involving the Corporation or any of the Employees before any Governmental Authority, including a labour relations board, tribunal or commission.
- e. No Employee has stated that he or she will resign or retire or cease to provide work or services because of the closing of the transactions contemplated by the Purchase Agreement.
- f. There is no notice of assessment, provisional assessment, reassessment, supplementary assessment, penalty assessment or increased assessment which the Corporation has received before the date of the Purchase Agreement from any workplace safety and insurance or workers' compensation board or similar Governmental Authority in any jurisdiction where the Business is carried on that remain unpaid.
- g. All inspection reports received by the Corporation under the Occupational Health and Safety Acts have been made available to Purchaser. There are no outstanding

Governmental Orders nor any pending charges made under any Occupational Health and Safety Acts relating to the Corporation or the Business and there have been no fatal or critical accidents that might reasonably be expected to lead to charges involving the Corporation under the Occupational Health and Safety Acts. The Corporation has complied with all Governmental Orders issued under the Occupational Health and Safety Acts in all respects.

4. Inventory. All Inventory consists of a quality and quantity usable and salable in the ordinary course consistent with past practice, except for obsolete, damaged, or defective items that have been written off or written down to fair market value or for which adequate reserves have been established. All Inventory is owned by the Corporation free and clear of all Encumbrances, and no inventory is held on a consignment basis. The quantities of each item of Inventory (whether raw materials, work-in-process or finished goods) are not excessive but are reasonable in the present circumstances of the Corporation.
5. Condition and Sufficiency of Assets. The buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property of the Corporation are structurally sound, are in good operating condition and repair, and are adequate for the uses to which they are being put, and none of such buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost. The buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property currently owned or leased by the Corporation, together with all other Assets of the Corporation, are sufficient for the continued conduct of the Corporation's Business after the Closing in substantially the same manner as conducted before the Closing and constitute all of the rights, property and assets necessary to conduct the Business of the Corporation as currently conducted.
6. Accounts Receivable. The Accounts Receivable reflected in the Books and Records of the Corporation and the Accounts Receivable arising after the date thereof: (a) have arisen from bona fide transactions entered into by the Corporation involving the sale of goods or the rendering of services in the ordinary course consistent with past practice; and (b) constitute only valid, undisputed claims of the Corporation not subject to claims of set-off or other defences or counter-claims other than normal cash discounts accrued in the ordinary course consistent with past practice; and (c) are collectible in full within [90] days after billing.
7. Customers and Suppliers.
 - a. Section 7(a) of the Certificate Disclosure Schedules sets forth: (i) each customer who has paid aggregate consideration to the Corporation for goods or services rendered in an amount greater than or equal to \$25,000 (collectively, the "**Material**

Customers”); and (ii) the amount of consideration paid by each Material Customer during such periods. The Corporation has not received any notice, and has no reason to believe, that any of its Material Customers has ceased, or intends to cease after the Closing, to use its goods or services or to otherwise terminate or materially reduce its relationship with the Corporation.

- b. Section 7(b) of the Certificate Disclosure Schedules sets forth: (i) each supplier to whom the Corporation has paid consideration for goods or services rendered in an amount greater than or equal to \$25,000 (collectively, the “**Material Suppliers**”); and (ii) the amount of consideration paid to each Material Supplier during such periods. The Corporation has not received any notice, and has no reason to believe, that any of its Material Suppliers has ceased, or intends to cease, to supply goods or services to the Corporation or to otherwise terminate or materially reduce its relationship with the Corporation.

8. Environmental Matters

- a. The Corporation is: (i) in compliance with all applicable Environmental Laws; and (ii) possesses and is in compliance with all Environmental Permits necessary to operate the Business.
- b. All such Environmental Permits are listed in Schedule 8(b) of the Certificate Disclosure Schedules. The Environmental Permits are in full force and effect. There are no Actions in progress, or, to Vendor’s knowledge, pending or threatened, that may result in the cancellation, revocation or suspension of any Environmental Permit.
- c. None of the Corporation, the Business or the Assets are the subject of any Remedial Order.
- d. The Corporation has not received any Environmental Notice alleging that the Corporation is in violation of or has any liability under any Environmental Law that is unresolved.
- e. The Corporation has not entered into or agreed to any consent, settlement or other agreement, nor is the Corporation subject to any Governmental Order in any judicial, administrative, arbitral or other forum relating to compliance with or liabilities under any Environmental Law.
- f. The Corporation has not released any Hazardous Substances at, on or under any part of the premises it operates on, and, to Vendor’s knowledge, there are no Hazardous Substances present within the area bounded by the ceiling, walls and floor of any building on any leased real property (and excluding anything outside

these boundaries), in each case except as would not reasonably be expected to result in a material liability under any Environmental Law.

- g. The Corporation has made available to Purchaser all Environmental audits, assessments, reports and similar reviews and all correspondence regarding Environmental matters, to the extent that such records are in the possession or under the control of Vendor or the Corporation.
 - h. The Corporation does not own or operate any active or abandoned above ground or underground storage tanks.
 - i. Neither Vendor nor the Corporation is aware of or reasonably anticipates, any condition, event or circumstance concerning the Release or regulation of Hazardous Substances that might, after the Closing Date, prevent, impede or increase the costs associated with the ownership, lease, operation, performance or use of the Business or Assets of the Corporation as currently carried out.
9. Benefit Plans.
- a. Section 9(a) of the Certificate Disclosure Schedules contains a true and complete list of all Benefit Plans and all documents that support each Benefit Plan. The Corporation is not a party to or bound by, nor does the Corporation have any Liability with respect to, any Benefit Plans other than those listed in Section 9(a) of the Certificate Disclosure Schedules.
 - b. There are no participating employers that have any obligations or liabilities with respect to any Benefit Plan other than the Corporation and the Corporation has no obligations or liabilities under any Benefit Plan, including to provide benefits, to any Person who is not an employee, director or officer or former employee, director or officer of the Corporation.
 - c. Each Benefit Plan complies with and is, and has been, established, registered (where required by Law), administered, funded and invested in accordance with Law and the terms of such Benefit Plans including the terms of the documents that support such Benefit Plans.
 - d. With respect to each Benefit Plan, true and complete copies of each of the following documents, if applicable, have been made available to Purchaser: (i) the document(s) establishing the current terms of the Benefit Plan; and (ii) all other Contracts to the Benefit Plan.
 - e. No Benefit Plan is a Pension Plan, and none of the Benefit Plans provide benefits beyond retirement or other termination of service to Employees or former

employees of the Corporation or to the beneficiaries or dependents of such Employees or former employees.

- f. The Corporation does not have any obligation to pay any change-in-control, sale, completion, incentive, stay, retention and similar bonuses or payments to any current or former employee as a result of the transactions contemplated by the Purchase Agreement.
- g. Each Benefit Plan can be amended, terminated or otherwise discontinued after the Closing in accordance with its terms, without liabilities to the Corporation other than ordinary administrative expenses typically incurred in a termination event. The Corporation has no commitment or obligation and has not made any representations to any employee, officer, director, Independent Contractor or consultant, whether or not legally binding, to adopt, amend, modify or continue any Benefit Plan or any Collective Agreement, in connection with the consummation of the transactions contemplated by the Purchase Agreement or otherwise.
- h. The Corporation has not received any notice in writing of any pending investigations, and there are no pending or threatened investigations, by any Governmental Authority involving or relating to any Benefit Plan or any claims (except for claims for benefits payable in the ordinary course operation of the Benefit Plans) or Actions against the Corporation in respect of any Benefit Plan.
- i. Each individual who is classified by the Corporation as an Independent Contractor has been properly classified for purposes of participation and benefit accrual under each Benefit Plan.

10. Related Party Transactions.

- a. The Corporation has not made any payment or loan to, or borrowed any monies from or is otherwise indebted to, any officer, director, employee, trustee or shareholder or any Person with whom the Corporation is not dealing at arm's length (within the meaning of the Act) or any Affiliate or spouse of any of the foregoing (each, a "**Related Person**").
- b. No Related Person: (i) to the Vendor's knowledge, possesses, directly or indirectly, any financial interest in, or is a director, officer or employee of, any Person which is a competitor or material supplier, dealer, lessor or lessee of the Corporation; or (ii) has any interest in any material assets used or held for use by the Corporation.

11. Anti-Money Laundering and Anti-Corruption Practices.

- a. Neither the Corporation nor any of its directors, officers or employees or, to Vendor's knowledge, agents, consultants or representatives:
 - i. has violated, and Vendor's execution and delivery of and performance of its obligations under the Purchase Agreement will not violate, any Laws related to money laundering or government guidance regarding anti-money laundering and international anti-money laundering principles or procedures of an intergovernmental group or organization and any executive order, directive or regulation under the authority of any of the foregoing, or any orders or licenses issued thereunder in each case to which either the Corporation or Vendor is subject;
 - ii. has, in the course of its actions for, or on behalf of, the Corporation (A) knowingly used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (B) paid or received any bribe or otherwise unlawfully offered or provided, directly or indirectly, anything of value to (or received anything of value from) any foreign or domestic government employee or official or any other Person, (C) violated or taken any act that would violate any provision of the *Corruption of Foreign Public Officials Act* (Canada) ("**CFPOA**"), the *Foreign Corrupt Practices Act* of 1977 (United States) ("**FCPA**") or other similar Laws of other jurisdictions, (D) violated or taken any act that would violate any provision of the *Bribery Act* (U.K.) or other similar Laws of other jurisdictions, (E) violated or taken any act that would violate the *Special Economic Measures Act* (Canada) ("**SEMA**") or other similar Laws of other jurisdictions, or (F) violated or taken any act that would violate the *Freezing Assets of Corrupt Foreign Public Officials Act* (Canada) ("**FACFOA**") or other similar Laws of other jurisdictions, in each case to which the Corporation is subject;
 - iii. has, directly or indirectly, taken any action in violation of any export restrictions, anti-boycott regulations, embargo regulations or other similar applicable Canadian, United States or other foreign Laws;
 - iv. is a "specially designated national" or "blocked person" under United States sanctions administered by the Office of Foreign Assets Control of the United States Department of the Treasury ("**OFAC**"), a Person identified under SEMA, FACFOA or any United Nations resolution or regulation or otherwise a target of economic sanctions under other similar applicable Canadian, United States or foreign Laws; or

- v. has engaged in any business with any Person with whom, or in any country in which it is prohibited for a Person to engage under SEMA, FACFOA, any United Nations resolution or regulation or any other Law.

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DATED this ____ day of _____, _____.

Name: Thomas Ulanowski

Exhibit “A”

Defined Terms in Certificate

“**Accounts Receivable**” means all trade and other receivables of the Corporation as of the date hereof, determined on a gross basis.

“**Benefit Plan**” means all employee benefit plans, agreements, programs, policies, practices, material undertakings and arrangements (whether oral or written, formal or informal, funded or unfunded) maintained for, available to or otherwise relating to any employees, directors or officers or former employees, directors or officers of the Corporation, or any spouses, dependents or survivors of any employee or former employee of the Corporation, or in respect of which the Corporation is a party to or bound by or is obligated to contribute or in any way liable, whether or not insured or whether or not subject to any Law, including bonus, deferred compensation, incentive compensation, share purchase, share appreciation, share option, severance and termination pay, hospitalization, health and other medical benefits including medical or dental treatment or expenses, life and other insurance including accident insurance, vision, legal, long-term and short-term disability, salary continuation, vacation, supplemental unemployment benefits, education assistance, equity or equity-based compensation, change of control benefits, profit-sharing, mortgage assistance, employee loan, employee assistance and pension, retirement and supplemental retirement plans (including any defined benefit or defined contribution Pension Plan and any group registered retirement savings plan), and supplemental pension except that the term “Benefit Plans” shall not include any statutory plans with which the Corporation is required to comply, including the Canada Pension Plan, Québec Pension Plan and plans administered under applicable provincial health tax, workers’ compensation, workplace health and safety and employment insurance legislation.

“**Collective Agreement**” means any collective agreement, letter of understanding, letter of intent or other written communication or contract with any trade union, association that may qualify as a trade union, council of trade unions, employee bargaining agent or affiliated bargaining agent, which would cover any of the Employees,

“**Disposal**” means any disposal by any means, including dumping, incineration, spraying, pumping, injecting, depositing or burying.

“**Environment**” means the air, surface water, ground water, body of water, any land (including surface land and sub-surface strata), soil or underground space, all living organisms and the interacting natural systems that include components of the air, land, water and inorganic matters and living organisms, and the environment or natural environment as defined in any Environmental Law, and “Environmental” shall have a corresponding meaning.

“**Environmental Law**” means any and all Laws relating to the protection of the Environment including those relating to the storage, generation, use, handling, manufacture, processing, transportation, import, export, treatment, Release or Disposal of any Hazardous Substance.

“**Environmental Notice**” means any written directive, investigation, proceeding, letter or other written communication from any Governmental Authority relating to non-compliance or potential non-compliance with or breach of or potential breach of any Environmental Law or Environmental Permit.

“**Environmental Permit**” means any Permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made by any Government under any Environmental Law.

“**Employees**” means those individuals employed by the Corporation on the date hereof.

“**Hazardous Substance**” means, collectively, petroleum, any petroleum product, any radioactive material (including radon gas), explosive or flammable materials, asbestos in any form, urea-formaldehyde foam insulation, and polychlorinated biphenyls, any pollutant, contaminant, waste, hazardous substance, hazardous material, hazardous waste, toxic substance, dangerous substance, dangerous good, restricted hazardous waste, toxic substance or a source of contamination, as defined or identified in any Environmental Law.

“**Independent Contractor**” means: (a) any individual who is not, or was not (with respect to former Independent Contractors), an employee, officer or director of the Corporation, or any such individual’s personal services company, and which individual or personal services company receives or received remuneration from the Corporation under a contract for services; and (b) any individual who is an employee, officer or director of the Corporation, but who in the past was an individual who was not an employee, officer or director of the Corporation or any such individual’s personal services company, and which individual or personal services company received remuneration from the Corporation under a contract for services.

“**Inventory**” means all inventories and other supplies and consumables (but excluding advertising and publicity materials of the Corporation) wherever located, and whether on consignment or not, determined on a gross basis but excluding any obsolete inventory or inventory that is no longer used.

“**Occupational Health and Safety Acts**” means the *Occupational Health and Safety Regulations* in British Columbia and all other legislation of any applicable jurisdiction dealing with any of the subject matter of those regulations or with respect to any aspect of the occupational health and safety of employees.

“**Release**” means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandoning, disposing or allowing to escape or migrate of any Hazardous Substance into or through the Environment or as defined in any Environmental Law.

“**Remedial Order**” means any Governmental Order issued, filed or imposed under any Environmental Law and includes any Governmental Order requiring any remediation or clean-up of any Hazardous Substance, or requiring that any Release or Disposal be reduced or eliminated.

Exhibit "B"

Certificate Disclosure Schedule