

DATED JUNE 25, 2020

BY AND AMONG

PASSPORT TECHNOLOGY INC., as the Company

THE SHAREHOLDERS PARTY HERETO, as the Initial Vendors

DEAN KAJIOKA, as the Vendors' Representative

- and -

AUSTRALIS CAPITAL INC., as the Purchaser

SHARE PURCHASE AGREEMENT

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SHARE PURCHASE AGREEMENT

THIS AGREEMENT dated as of June 25, 2020.

BY AND AMONG: **PASSPORT TECHNOLOGY INC.**, a corporation incorporated under the laws of the state of Nevada

(the "**Company**")

AND: **THE SHAREHOLDERS PARTY HERETO**

(collectively, the "**Initial Vendors**")

AND: **DEAN KAJIOKA,**

(the "**Vendors' Representative**")

AND: **AUSTRALIS CAPITAL INC.**, a corporation incorporated under the laws of province of Alberta

(the "**Purchaser**")

RECITALS:

1. The Initial Vendors, own, in the aggregate, a majority of the issued and outstanding common shares of the Company.
2. The board of directors of the Company has recommended and ratified a resolution approving the entry by the Company into this Agreement and the performance of its obligations hereunder and submitted such resolution to the shareholders.
3. The Initial Vendors have voted to ratify the recommendations and resolution of the board.
4. Subject to the terms and conditions set forth herein, the Purchaser wishes to purchase from the Vendors, and the Vendors wish to sell to the Purchaser, all of the issued and outstanding common shares of the Company owned by the Vendors.

Now, therefore, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Accounting Records**" means, with respect to a Person, all of the books of account, accounting records and other financial information of such Person relating to its business (whether in written, printed, electronic or computer printout form, or stored electronically, digitally or on computer related media).

"**Accounts Receivable**" means all receivables of any Acquired Company as at the Closing Date determined on a gross basis in accordance with GAAP consistently applied.

"**Advisors**" means, with respect to any Person, the directors, officers, employees, auditors, legal counsel, financial advisors (including lenders) and tax advisors of such Person.

"**Affiliate**" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with that other Person. For purposes of this definition, a Person "controls" another Person if that Person possesses, directly or indirectly, the power to direct the management and policies of that other Person, whether through ownership of voting securities, by contract or otherwise and "controlled by" and "under common control with" have similar meanings.

"**Agreement**" means this Share Purchase Agreement, as the same may be amended, supplemented or restated from time to time, and together with all exhibits, annexes and schedules hereto and the Vendors' Disclosure Letter.

"**Acquired Companies**" means the Company and each of its direct and indirect Subsidiaries.

"**Audited Financial Statements**" means the financial statements of the Company, on a consolidated basis, for the 12 month period ended December 31, 2019, consisting of a balance sheet and the accompanying statements of income, cash flow and shareholders' equity and all notes to them, together with a report of the Company's independent auditors.

"**BAMM**" means Body and Mind Inc., a Nevada company.

"**BAMM Consideration Shares**" means common shares of BAMM with an aggregate value equal to the BAMM Share Purchase Price based on the 5-day BAMM VWAP as of the Closing to be transferred by the Purchaser to the Vendors on the Closing, with each Vendor receiving its Pro Rata Share thereof; *provided that* notwithstanding the foregoing, if the actual 5-day BAMM VWAP as of the Closing is less than or equal to USD\$0.346 and greater than or equal to USD\$0.166, then for purposes of determining the number of BAMM Consideration Shares to be transferred by the Purchaser to the Vendors, the 5-day BAMM VWAP shall be deemed to be USD\$0.256 (being the 5-day volume weighted average trading price as of April 17, 2020).

"**BAMM Deferred Shares**" has the meaning specified in [Section 2.9](#).

"**BAMM Share Purchase Price**" means: (i) if the 5-day BAMM VWAP as of the Closing Date is less than or equal to USD\$0.346 and greater than or equal to USD\$0.166, then USD\$3,000,000; (ii) if the 5-day BAMM VWAP as of the Closing Date is above USD\$0.346, then USD\$4,050,000; and (iii) if the 5-day BAMM VWAP as of the Closing Date is less than USD\$0.166, then USD\$1,950,000.

"**BAMM VWAP**" means for any date, the volume weighted average trading price of BAMM shares listed on the Exchange for a specified number of trading days immediately prior to such date.

“Bellingham Property” means the property located at 2891 E. Bakerview Road, Bellingham, WA, comprising two parcels with assessor numbers 380316246515 and 380316221447, a full description of which is attached as Schedule C hereto.

“Bellingham Property Value” means an amount equal to USD\$2,000,000.

“Bellingham Vendors” means each Vendor, other than Wyvern.

"Books and Records" means, with respect to a Person, the Accounting Records and all other information in any form relating to the business or such Person, including sales and purchase records, lists of suppliers and customers, lists of potential customers, credit and pricing information, personnel and payroll records, tax records, business reports, plans and projections, production reports and records, inventory reports and records, business, engineering and consulting reports, marketing and advertising materials, research and development reports and records, maps, site plans, surveys, soil and substratum studies, as-built drawings, appraisals, electrical and mechanical plans and studies, environmental reports, and all other documents, files, records, correspondence and other information (whether in written, printed, electronic or computer printout form, or stored electronically, digitally or on computer related media).

"Business" means the business of developing technology based products and services for the payments, gaming and financial services markets.

"Business Day" means any day except Saturday, Sunday, any statutory holiday in the Province of Alberta or State of Nevada or any other day on which the principal chartered banks in the City of Calgary or the County of Clark, State of Nevada, USA, are closed for business.

"Canadian Dollar Equivalent" means, in respect of an amount expressed in United States dollars as of a particular date, such amount converted into Canadian dollars at the average daily Bank of Canada rate for conversion of United States dollars into Canadian dollars for the 15 Business Days preceding the Business Day prior to such date.

“Canadian Vendor” means any Vendor that is considered to be resident in Canada for the purposes of applicable Canadian securities Law.

“Cash” means with respect to the Acquired Companies on a consolidated basis, the amount equal to the sum (without duplication) of all unrestricted cash and cash equivalents.

"Cash Purchase Price" means USD\$9,600,000, as adjusted pursuant to Section 2.3 and any other applicable provisions hereof.

“Circular” means the notice of the Purchaser Shareholder Meeting and accompanying information circular, including all schedules and exhibits thereto, to be sent by Purchaser to the Shareholders in connection with the Purchaser Shareholder Meeting.

"Closing" means the completion of the purchase and sale of the Purchased Shares and all other transactions contemplated by this Agreement.

"Closing Date" means the date on which all of the conditions set forth in ARTICLE 5 have been satisfied

or waived, but in no event later than the Outside Date.

"**Closing Document**" means any agreement, certificate or other instrument to be executed or delivered at the Closing as contemplated by this Agreement.

"**Closing Net Assets**" has the meaning specified in Section 2.5a).

"**Closing Statement**" has the meaning specified in Section 2.5a).

"**Closing Time**" means 10:00 a.m. in the City of Calgary on the Closing Date or such other time and place on the Closing Date as the Parties may agree.

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Company**" has the meaning specified in the introductory paragraph.

"**Company EBITDA**" means, for a period, Company Revenue less operating expenses before interest, taxes, depreciation and amortization, calculated in accordance with GAAP.

"**Company Material Contracts**" has the meaning specified in Section 3.2.28.

"**Company Revenue**" means, for a period, the gross revenues of the Company and its consolidated Subsidiaries from transaction fees, surcharge fees, interchange revenue (ATM) and DCC fees, calculated in accordance with GAAP.

"**Company's Intellectual and Industrial Property**" means any Intellectual and Industrial Property used, in whole or in part, in or required by any Acquired Company for the carrying on of the Business, both domestic and foreign, whether or not that Intellectual and Industrial Property is registered.

"**Confidential Property**" has the meaning specified in Section 3.2.30e).

"**Consent**" means any approval, consent, permit, waiver, ruling, exemption, acknowledgement or similar authorization from any Person other than any Governmental Authority, including those required by applicable Laws or under the terms or conditions of any Contract.

"**Consideration Shares**" means common shares of the Purchaser with an aggregate value equal to the Equity Purchase Price, to be issued at the Issue Price, with each Vendor receiving its Pro Rata Share thereof.

"**Contract**" means, with respect to a Person, any contract, agreement, instrument or other legally binding commitment or arrangement, written or oral, to which such Person is a party or under which it has rights or obligations.

"**Current Assets**" means, on a consolidated basis and without duplication, the sum of the current assets of the Acquired Companies calculated in accordance with GAAP, including (i) Cash; (ii) Accounts Receivable (excluding any Accounts Receivable which are more than 90 days past due); (iii) unbilled Accounts Receivable; (iv) prepaid expenses; (v) marketable securities and (vi) casino deposits, but excluding any (1) deferred Tax assets and income Tax receivables and (2) any intercompany amounts

owing from another Acquired Company.

"Current Liabilities" means, on a consolidated basis and without duplication, the sum of the current liabilities of the Acquired Companies calculated in accordance with GAAP, including (i) accounts payable; (ii) deferred revenue and customer deposits; (iii) Transaction Costs and (iv) accrued liabilities, but excluding (1) deferred Tax liabilities and income Tax liabilities; (2) Debt and (3) any intercompany amounts owing to another Acquired Company.

"Damages" means, whether involving a Direct Claim or Third Party Claim, any losses (other than loss of profits), liabilities, claims, demands, debts, interest, charges, fines, penalties, assessments, reassessments, judgments, costs or expenses, including the costs and expenses of any Legal Proceeding or any Order, settlement or compromise relating thereto (including reasonable costs, fees and expenses of legal counsel), but excluding any contingent liability until it becomes actual.

"Data Vault" means any and all documents, material, reports, records, receipts, contracts, agreements and all other information and material provided by the Company and Acquired Companies to Purchaser prior to the end of the Verification Period for the transaction contemplated by this Agreement.

"Debt" includes any and all bank debt, current and non-current third party or related party debt and current Tax liabilities, but excluding any intercompany Debt owing any Acquired Companies.

"Debt Instrument" means any bond, debenture, promissory note, trust indenture, loan agreement or other agreement evidencing indebtedness for borrowed money.

"Deferred Shares" has the meaning specified in [Section 2.9](#).

"Direct Claim" means any cause, thing, act, omission or state of facts not involving a Third Party Claim which entitles an Indemnified Person to make a claim for indemnification under [ARTICLE 8](#).

"Disputed Amounts" has the meaning specified in [Section 2.6c](#).

"Earn-Out Payment" has the meaning specified in [Section 2.10](#).

"Employee" means an individual who is employed by any Acquired Company, whether on a full-time or part-time basis.

"Employee Benefit Plans" means any "employee pension benefit plan" (as defined in Section 3(2) of the ERISA, whether or not subject to the ERISA), any "employee welfare benefit plan" (as defined in Section 3(1) of the ERISA, whether or not subject to the ERISA) and any other written or unwritten policy, agreement or arrangement involving direct or indirect compensation, including insurance coverage, severance benefits, change in control benefits, disability benefits, deferred compensation, bonuses, fringe benefits, stock options, stock purchase, phantom stock, stock appreciation, savings or other forms of incentive compensation or post-termination compensation, and all employment agreements providing for terms of compensation.

"Employee Determination Date" has the meaning specified in [Section 3.2.34](#).

"Environment" means the natural environment or the environment in the workplace and includes soil,

air, surface water, ground water, land surface, subsurface strata, and any sewer system.

"Environmental Laws" means applicable Laws (whether federal, state, local or foreign) relating to the Environment, employee health or safety, or public health or safety, including applicable Laws relating to: (a) reporting, licensing, permitting, investigating, remediating and cleaning up in connection with any presence or Release, or the threat of the same, of Hazardous Substances; and (b) the generation, manufacture, processing, distribution, use, re-use, treatment, storage, disposal, transport, labelling, and handling of Hazardous Substances.

"Environmental Permits" means all Licenses issued, granted or required under Environmental Laws.

"Equipment Leases" means the leases of personal property to which any Acquired Company is a party or under which it has rights or obligations, set forth on the Vendors' Disclosure Letter.

"Equity Purchase Price" means USD\$12,200,000 which shall be deemed satisfied by the issuance of an aggregate of 58,651,552 Consideration Shares at the Issue Price, subject to adjustment as provided herein.

"Equity Consideration" means collectively, the Consideration Shares, the BMM Shares and, if issuable or payable under this Agreement, the Deferred Shares and the BMM Deferred Shares.

"ERISA" means the United States Employee Retirement Income Security Act of 1974, as amended.

"Estimated Net Assets" has the meaning specified in [Section 2.3a](#).

"Estimated Closing Statement" has the meaning specified in [Section 2.3a](#).

"Exchange" means the Canadian Securities Exchange, or such other Canadian recognized stock exchange.

"Financial Statements" means the Audited Financial Statements and Interim Financial Statements.

"Governmental Authority" means any: (a) federal, provincial, state, territorial, municipal, local or other government or governmental or public ministry, department, agency, Tribunal, commission, board, bureau or instrumentality, domestic or foreign; (b) any subdivision or authority of any of the foregoing; or (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.

"Guarantee" means any Contract providing for the guarantee, assumption or endorsement or any like commitment with respect to the obligations, liabilities (contingent or otherwise) or indebtedness of any Person.

"Hazardous Substance" means any solid, liquid, gas, odour, heat, sound, vibration, radiation or combination of them regulated under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq., the Clean Water Act, 33 U.S.C. §1251 et seq., the Clean Air Act, 42 U.S.C. §7401 et seq., the Toxic Substances Control Act, 15 U.S.C. §2601 et seq., the Safe Drinking Water Act, 42 U.S.C. §300f et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §1801 et seq., the Emergency Planning and

Community Right to Know Act, 42 U.S.C. §11001 et seq., the Oil Pollution Act, 15 U.S.C. §2601 et seq., and any applicable state, local or foreign equivalents thereof.

"**Indemnified Person**" means any Person entitled to indemnification under ARTICLE 8 of this Agreement.

"**Indemnifier**" means any Person obligated to provide indemnification under ARTICLE 8 of this Agreement.

"**Indemnity Payment**" means the amount of any Damages required to be paid under Sections 8.2 or 8.3.

"**Independent Accountant**" means the Las Vegas office of BDO LLP.

"**Information**" has the meaning specified in Section 4.3.2a).

"**Initial Vendors**" means the Vendors initially party to this Agreement on the date hereof.

"**Intellectual and Industrial Property**" means tangible or intangible property in which Intellectual and Industrial Property Rights subsist and/or that is subject to Intellectual and Industrial Property Rights including, without limitation, ideas, formulae, algorithms, concepts, techniques, processes, procedures, approaches, methodologies, plans, systems, research, information, documentation, data, data compilations, specifications, requirements, designs, diagrams, inventions, technology, computer programs (including all related code), tools, products, knowledge, know-how and trade secrets.

"**Intellectual and Industrial Property Rights**" means: (a) any and all proprietary rights anywhere in the world provided under patent law, copyright law, trademark law, design patent or industrial design law, semiconductor chip or mask work law, trade secret law, or any other statutory provision or common law principle that provides a right in either intellectual property or the expression or use of intellectual property; and (b) any and all applications, registrations, licenses, sub-licenses, franchises, agreements or any other evidence of a right in any of the items in clause (a).

"**Interested Person**" means any present or former officer, director, shareholder or employee (or immediate family member of the foregoing) of the Company.

"**Interim Financial Statements**" means the unaudited financial statements of the Company and its consolidated Subsidiaries as and for the 6 month period ended June 30, 2020, consisting of a balance sheet and the accompanying statements of income and cash flow for the period then ended and all notes (if any) to them.

"**Interim Period**" means the period from and including the time of execution of this Agreement until the earlier to occur of the Closing Time and the termination of this Agreement.

"**Issue Price**" means issue price of the Consideration Shares of CAD\$0.2827 per share, being the 15-day Purchaser VWAP as of June 24, 2020.

"**Knowledge of the Company**" or any similar phrase related to the Company means the actual knowledge of Scott Dowty and Kurt Sullivan and the knowledge that each such person would reasonably be expected to obtain in the course of diligently performing his or her duties for the Company or after due inquiry and reviewing this Agreement.

"Las Vegas Property" means the property located at 6355 E. Tropical Parkway, Las Vegas, Nevada, with assessor parcel number 123-27-701-001, a full description of which is attached as Schedule D hereto.

"Las Vegas Property Value" means an amount equal to USD\$4,600,000.

"Law" means any statute, law, ordinance, regulation, rule, instrument, code, order, constitution, treaty, common law, judgment, decree or other requirement or rule of law of any Governmental Authority.

"Leased Property" means premises which are leased, subleased, licensed, used or occupied by any Acquired Company set forth in the Data Vault or on the Vendors' Disclosure Letter, and the interest, if any, of the Acquired Company in any plants, buildings, structures, fixtures, erections, improvements, easements, rights-of-way, spur tracks and other appurtenances situated on or forming part of those premises.

"Leases" means the real property leases or other rights of occupancy relating to real property to which any Acquired Company is a party or under which it has rights or obligations, whether as lessor or lessees set forth on the Vendors' Disclosure Letter.

"Legal Proceeding" means any litigation, action, suit, investigation, hearing, claim, complaint, grievance, arbitration proceeding or other proceeding before a Governmental Authority and includes any appeal or review and any application for same.

"License" means any license, permit, approval, authorization, certificate, directive, order, variance, registration, right, privilege, concession or franchise issued, granted, conferred or otherwise created by any Governmental Authority.

"Licensed IP" has the meaning specified in Section 3.2.30.

"Lien" means any lien, mortgage, charge, pledge, hypothecation, security interest, assignment, option, conditional sale, warrant, lease, sublease, easement, restrictive covenant, title retention agreement, statutory or deemed trust, adverse claim or other encumbrance of any kind, which secures payment or performance of an obligation or otherwise affects the right, title or interest in or to any particular property.

"Material Adverse Effect" means, with respect to any Person, 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) such Person's business, assets, liabilities, capitalization, condition (financial or otherwise), results of operations or prospects; (b) the ability of such Person to consummate the transactions contemplated hereby; or (c) where applicable, the Purchaser's ability to operate the Business of the Company immediately after Closing in the manner the Business is operated by the Company prior to Closing; provided, however, that **"Material Adverse Effect"** shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which such Person operates; (iii) any changes in financial or securities markets in general; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required or permitted by this Agreement; (vi) any changes in applicable Laws or accounting rules or principles, including GAAP; (vii) pandemics (including COVID-19), epidemics or similar events; or (viii) the public

announcement, pendency or completion of the transactions contemplated by this Agreement; provided, further, that any event, occurrence, fact, condition or change referred to in clauses (i) through (vii) immediately above 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 such Person compared to other participants in the industry in which such Person conducts its business.

"Net Assets" means, as of a date, the total assets minus total liabilities of the Company and its consolidated subsidiaries, excluding goodwill, prefunds and Tax related amounts, calculated in accordance with GAAP. An example calculation of Net Assets is set forth on Exhibit B.

"NI 45-106" means National Instrument 45-106 Prospectus Exemptions adopted by the Ontario Securities Commission.

"Offering" means the private placement offering by the Purchaser of units of the Issuer (with each unit consisting of one common share and one-half warrant to purchase a common share) at the Issue Price, which is subject to, and which is anticipated to close concurrently with, the occurrence of the Closing.

"Order" means any order, directive, judgment, decree, award or writ of any Tribunal.

"Outside Date" means November 30, 2020, or such other date as the Parties hereto otherwise agree in writing.

"Owned IP" has the meaning specified in Section 3.2.30

"Parties" means each of the Vendors, the Vendors' Representative, the Company and the Purchaser, and **"Party"** means any one of them.

"Permitted Indebtedness" means the indebtedness of an Acquired Company set out on the Vendors' Disclosure Letter.

"Permitted Liens" means (i) Liens for Taxes, utilities assessments and other government charges which are not yet due and in arrears or which are being contested in good faith, (ii) covenants, conditions, restrictions, easements, encroachments and other matters of title which do not, individually or in the aggregate, materially impair the use or occupancy of any real property for the purposes for which it is currently used or proposed to be used in connection with the Business, (iii) zoning, entitlement, building and other land use regulations imposed by governmental agencies having jurisdiction over the Leased Real Property which are not violated by the current use and operation of the Leased Real Property, (iv) Liens arising under worker's compensation, unemployment insurance, social security, retirement and similar legislation, (v) Liens of lessors and licensors arising under lease agreements or license arrangements with respect to tangible and intangible personal property, (vi) Liens in favor of the lessors under the Leases, or encumbering the interests of the lessors of real property, (vii) Liens being released in connection with the Closing as set forth on the Vendors' Disclosure Letter, (viii) restrictions on transfer, if any, stated in the articles of incorporation, bylaws of the Company, under any applicable securities Laws, (ix) Liens granted by the Purchaser, if any, (x) Liens arising in connection with Permitted Indebtedness, and (xi) the Liens listed or described in the Vendors' Disclosure Letter.

"Person" includes any individual, body corporate, unlimited liability company, limited liability

corporation, partnership, limited liability partnership, sole proprietorship, firm, joint stock company, joint venture, trust, unincorporated association, unincorporated organization, syndicate, Governmental Authority and any other entity or organization of any nature whatsoever.

"Personal Information" means any factual or subjective information from any individuals, including any customers, prospective customers, employees and/or other third parties, but does not include the name, title or business address or telephone number of an Employee.

"Post-Closing Adjustment" has the meaning specified in Section 2.5b).

"Post-Closing Adjustment Payment" has the meaning specified in Section 2.6f)(iii).

"Post-Closing Tax Period" means a taxable period, or a portion thereof, that begins after the Closing Date.

"Pre-Closing Tax Period" means a taxable period, or a portion thereof, that ends on or before the Closing Date.

"Pro Rata Share" means, with respect to a Vendor: (i) with respect to each of the Consideration Shares, the BMM Consideration Shares, the Deferred Shares, the Deferred BMM Shares, the Earn-Out Payment or the Post-Closing Adjustment Payment, the percentage set forth opposite such Vendor's name in column A on Schedule A hereto; (ii) with respect to the Cash Purchase Price as adjusted herein, the percentage set forth opposite such Vendor's name in column B on Schedule A hereto; (iii) for the purposes of the Bellingham Vendors' ownership interests in the Bellingham Property, the percentage set forth opposite such Bellingham Vendor's name in column C on Schedule A hereto; and (iv) in the case of the Initial Vendors only, for the purposes of ARTICLE 8, the percentage set forth opposite such Initial Vendor's name in column D on Schedule A hereto.

"Purchase Price" has the meaning specified in Section 2.2.

"Purchased Shares" means, as of the Closing Time, all of the issued and outstanding shares of the Company.

"Purchaser" has the meaning specified in the introductory paragraph.

"Purchaser Basket" has the meaning specified in Section 8.4b)(iii).

"Purchaser Financial Statements" means the audited consolidated financial statements of the Purchaser comprised of the consolidated statements of financial position as at March 31, 2019 and 2018 and the consolidated statements of comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the twelve month periods ending March 31, 2019 and 2018.

"Purchaser Shareholder Meeting" means a meeting of the shareholders of the Purchaser to consider the approval of the transactions contemplated by this Agreement.

"Purchaser Shareholder Approval" means the receipt of all necessary shareholder approvals at the Purchaser Shareholder Meeting necessary to consummate the transactions contemplated by this Agreement under applicable corporate and securities laws, including without limitation any approvals of

disinterested shareholders of the Purchaser required under Multilateral Instrument 61-101 Protection of Minority Security Vendors in Special Transactions adopted by the Ontario Securities Commission.

"Purchaser Verification Letter" means the letter of information (including any schedules thereto) executed by the Purchaser and delivered to the Company and Vendors' Representative within the timeframe required by this Agreement, identifying any and all documents, material and information that Purchaser requests to be provided by the Company and/or Vendors' Representative to supplement the documents contained within the Data Vault that have been provided by the Company prior to the date of this Agreement.

"Purchaser VWAP" means for any date, the volume weighted average trading price of the Purchaser's shares listed on the Exchange for a specified number of trading days immediately prior to such date.

"Purchaser's Auditor" means Squar Milner LLP.

"Regulatory Approval" means any approval, consent, permit, waiver, ruling, exemption, acknowledgement or similar authorization from any Governmental Authority, including those required by applicable Laws or under the terms or conditions of any Contract, License or Order.

"Representative Losses" has the meaning specified in Section 2.12d)(ii).

"Representatives" means, in respect of a Person, that Person's directors, officers, employees, agents, solicitors, accountants, professional advisors and other representatives involved in the transactions contemplated by this Agreement.

"Resolution Period" has the meaning specified in Section 2.6b).

"Reverse Termination Fee" has the meaning specified in Section 7.3a).

"Review Period" has the meaning specified in Section 2.6a).

"Shareholders" means the shareholders of the Purchaser entitled to vote at the Purchaser Shareholder Meeting.

"Statement of Objections" has the meaning specified in Section 2.6b).

"Straddle Period" means the taxable period that includes, but does not end on, the Closing Date.

"Subsidiary" shall mean any corporation, partnership, trust, unlimited liability company, limited liability company or other non-corporate business enterprise in which the Company owns stock or other ownership interests representing: (a) more than 50% of the voting power of all outstanding stock or ownership interest of such entity; or (b) the right to receive more than 50% of the net assets of such entity available for distribution to the holders of outstanding stock or ownership interests upon liquidation or dissolution of such entity.

"Target Net Assets" means an amount equal to USD\$1,600,000.

"Tax" or **"Taxes"** means: (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts,

levies and other charges or assessments of any kind whatsoever imposed by any Governmental Authority or Tax Legislation, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, sales, use, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions, or payments of unclaimed property; (b) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority or in respect of amounts of the type described in clause (a) above over this clause (b); (c) any liability for the payment of any amounts of the type described in clauses (a) or (b) above as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (d) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

"Tax Act" means the Income Tax Act (R.S.C., 1985, c.1 (5th Suppl.)), and the regulations promulgated thereunder, as amended from time to time.

"Tax Legislation" means the Code, the Tax Act, the Corporation Tax Act (UK), the Income Tax Act (UK) and all federal, state, territorial, municipal, foreign, or other statutes imposing a tax, including all treaties, conventions, case law, interpretation bulletins, circulars and releases, rules, regulations, orders, and decrees of any jurisdiction.

"Tax Returns" means all reports, elections, returns, declarations, forms, notices, designations, statements and other documents required to be filed under the provisions of any Tax Legislation and any tax forms required to be filed in respect of Taxes, including any schedule or attachment thereto and any related or supporting workpapers with respect to any of the foregoing, whether in connection with a Tax Return or not, under any provisions of any applicable Tax Legislation.

"Termination Fee" has the meaning specified in Section 7.3b).

"Third Party Claim" means any claim or Legal Proceeding that is instituted or asserted by any Person who is not a Party against an Indemnified Person which entitles the Indemnified Person to make a claim for indemnification under ARTICLE 8.

"Transaction Costs" means all fees, costs and expenses incurred and payable (but not paid as of the Closing Time) by the any Acquired Company (or by any Acquired Company on behalf of any Vendor or reimbursable by any Acquired Company to any Vendor) in connection with the transactions contemplated by this Agreement including, without limitation, all legal, accounting, audit, financial advisory, printing, costs associated with the transactions contemplated herein and other administrative or professional fees, costs and expenses of any Acquired Company (or by any Acquired Company on behalf of any Vendor or reimbursable by any Acquired Company to any Vendor).

"Tribunal" means any federal, state, municipal or other governmental department, commission, board, bureau or agency, domestic or foreign court (including a court of equity), arbitrator or arbitration panel, or any Governmental Authority or other body exercising adjudicative, regulatory, judicial or quasi-

judicial powers, including any stock exchange.

"**US Dollar Equivalent**" means, in respect of an amount expressed in Canadian dollars as of a particular date, such amount converted into United States dollars at the average daily Bank of Canada rate for conversion of Canadian dollars into United States dollars for the 15 Business Days preceding the Business Day prior to such date.

"**US Securities Act**" means the United States Securities Act of 1933, as amended.

"**US Vendor**" means any Vendor that is considered to be resident in the United States for the purposes of applicable US securities Law.

"**Undisputed Amounts**" has the meaning specified in Section 2.6c.

"**Vendors**" means the shareholders of the Company listed on Schedule A, which comprise the holders of all of the issued and outstanding shares of the Company.

"**Vendor Basket**" has the meaning specified in Section 8.4b)(ii).

"**Vendor Disclosure Letter**" means the letter of disclosure (including any schedules thereto) dated as of the date hereof, executed by the Initial Vendors and delivered to the Purchaser concurrently with this Agreement, subject to the Initial Vendors right to update such letter pursuant to Section 9.5, and which letter will be deemed to incorporate by reference all items disclosed in the Data Vault.

"**Vendors' Representative**" has the meaning specified in the introductory paragraph, or such replacement person appointed to serve as Vendors' Representative pursuant to Section 2.12.

"**Vendors' Indemnified Persons**" means the Initial Vendors, Vendors, the Vendors' Representative, their respective Affiliates and their respective officers, directors, employees, equity holders, partners, controlling Persons, agents, fiduciaries and members.

"**Verification Period**" means the period commencing on the date of this Agreement and ending August 15, 2020, or such later date as the Parties may agree

"**Wyvern**" means Wyvern Capital, Inc., a corporation incorporated under the laws of the province of Ontario.

1.2 Certain Rules of Interpretation

In this Agreement:

- a) **Accounting Principles** – Unless otherwise specified, any reference in this Agreement to "generally accepted accounting principles" or "GAAP" is to international financial reporting standards or "IFRS" in effect at the date of determination and consistently applied.
- b) **Currency** – All dollar amounts in this Agreement represented by the symbol "CAD\$", refer to Canadian currency and all dollar amounts in this Agreement represented by the

symbol "USD\$" refer to United States dollars. Where a dollar amount referenced in this Agreement requires a conversion from Canadian dollars to United States dollars or vice versa, unless otherwise specified, such conversion shall be done as the US Dollar Equivalent or the Canadian Dollar Equivalent, as applicable, as of the relevant date of conversion. Notwithstanding the foregoing, for the purpose of determining Company Revenue, Company EBITDA and any other income statement item or income statement derived item of the Company for a period following the Closing, such amounts will be recorded at the exchange rate in effect at the date the applicable transaction and translated at the weighted average exchange rate at the end of the applicable reporting period in accordance with IFRS.

- c) **Gender and Number** – In this Agreement, unless the context requires otherwise, any reference to gender includes all genders and words importing the singular number only include the plural and vice versa.
- d) **Headings, etc.** – The division of this Agreement into Articles, Sections and other subdivisions and the inclusion of headings and a table of contents are provided for convenience only and do not affect the construction or interpretation of this Agreement.
- e) **Including** – In this Agreement, the words "include" or "including" mean "include (or including) without limitation" and the words following "include" or "including" are not to be considered an exhaustive list.
- f) **Performance on Holidays** – If any act is required by the terms of this Agreement to be performed on a day which is not a Business Day, the act will be valid if performed on the next succeeding Business Day.
- g) **References to Persons** – Unless the context otherwise requires, any reference in this Agreement to a Person, in the case of an individual, includes his or her heirs, administrators, executors, permitted assigns and other legal representatives, and in the case of an entity, includes its predecessors, successors and permitted assigns.
- h) **References to this Agreement** – The words "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement as a whole and not to any particular section or portion of it.
- i) **Statutory References** – Unless otherwise specified, any reference in this Agreement to a statute includes all rules and regulations made under it, in each case as it or they may have been, or may from time to time be, amended or re-enacted.
- j) **Time** – Time is of the essence in this Agreement, and no extension or variation of this Agreement will operate as a waiver of this provision.
- k) **Time Periods** – Unless otherwise specified, a period of days will be deemed to begin on the first day after the event which began the period and to end at 5:00 p.m. (Calgary time) on the last day of the period. If a period of time is to expire on any day that is not a Business Day, the period will be deemed to expire at 5:00 p.m. (Calgary time) on the next succeeding Business Day.

- l) **Trade Terms** – Unless otherwise defined in this Agreement, words or abbreviations which have well-known trade meanings are used in this Agreement with those meanings.
- m) **Fractional Shares** – Where the calculation of the number of shares issuable or payable to a Vendor under this Agreement results in a fractional number of shares, the Purchaser shall not be required to issue or pay any fractional shares and the number of shares to be issued or paid shall be rounded up or down to the nearest whole share, as the case may be.

1.3 Schedules

The following Schedules form an integral part of this Agreement, each of which may be supplemented or amended prior to the end of the Verification Period:

<u>Schedule A</u>	Vendors and Pro Rata Shares
<u>Schedule B</u>	Sample Net Asset Calculation
<u>Schedule C</u>	Bellingham Property
<u>Schedule D</u>	Las Vegas Property

**ARTICLE 2
PURCHASE AND SALE OF SHARES**

2.1 Purchase and Sale

Subject to the terms and conditions of this Agreement, at the Closing each Vendor shall sell to the Purchaser, and the Purchaser shall purchase from each Vendor, all of the Purchased Shares set forth opposite such Vendor's name on Schedule A hereto (as may be supplemented prior to the end of the Verification Period), free and clear of all Liens, for the Purchase Price, as adjusted herein.

2.2 Amount of Purchase Price

Subject to adjustment in accordance with this ARTICLE 2, the aggregate consideration payable by the Purchaser to the Vendors for the Purchased Shares (the "**Purchase Price**") is the amount equal to the sum of: (i) the Cash Purchase Price as adjusted pursuant to Section 2.3b; (ii) the Equity Purchase Price; (iii) the BMM Share Purchase Price; (iv) the Bellingham Property Value; (v) the Las Vegas Property Value; (vi) the Deferred Shares, if any are issuable pursuant to Section 2.9; (vii) the BMM Deferred Shares, if any are payable pursuant to Section 2.9; and (viii) the amount of the Earn-Out Payment, if payable pursuant to Section 2.10.

2.3 Pre-Closing Adjustments

- a) As soon as practicable prior to the Closing Time, but in no event later than five (5)

Business Days prior to the Closing Date, the Company shall provide the Purchaser with a statement setting forth its good faith estimate of the consolidated balance sheet of the Company as of the Closing Date (the "**Estimated Closing Statement**"), which shall contain an estimate of the Closing Date Net Assets (the "**Estimated Net Assets**"), prepared in accordance with Schedule B (as may be supplemented prior to the end of the Verification Period).

- b) The Cash Purchase Price shall be adjusted, without duplication, as follows (subject to further adjustment pursuant to Section 2.5):
 - (i) if the Estimated Net Assets is less than the Target Net Assets, the Cash Purchase Price shall be decreased by the difference between the Estimated Net Assets and the Target Net Assets;
 - (ii) if the Estimated Net Assets is greater than the Target Net Assets, the Cash Purchase Price shall be increased by the difference between the Target Net Assets and the Estimated Net Assets;
 - (iii) if the Estimated Net Assets is equal to the Target Net Assets, no adjustment to the Purchase Price shall be made.

2.4 Payment of Purchase Price

At the Closing Time, the Purchaser shall pay and satisfy the Purchase Price, subject to adjustment in accordance with this ARTICLE 2, as follows:

- a) *for the Cash Purchase Price*, by paying by wire transfer to an account designated in writing by the Vendors' Representative the Cash Purchase Price, as adjusted pursuant to Section 2.3, to be distributed by the Vendors' Representative to each Vendor in accordance with such Vendor's Pro-Rata Share;
- b) *for the Equity Purchase Price*, by issuing and delivering (or directing its transfer agent to issue and deliver) to each Vendor (or to an account designated in writing by the Vendor) such Vendor's Pro Rata Share of the Consideration Shares, free and clear of all Liens;
- c) *for the BAMM Share Purchase Price*, by transferring and delivering to each Vendor (or to an account designated in writing by the Vendor) such Vendor's Pro Rata Share of the BAMM Consideration Shares, free and clear of all Liens;
- d) *for the Las Vegas Property Value*, by (i) transferring the Las Vegas Property, free and clear of all Liens and land transfer taxes paid by Purchaser, to Wyvern or to one or more other Persons as directed by Wyvern in writing or (ii) if (A) prior to the Closing, the Purchaser has sold or entered into a binding agreement to sell the Las Vegas Property to a third-party or (B) the Purchaser is unable to provide clear title to the Las Vegas Property, then in either case by paying by wire transfer to an account designated in writing by Wyvern, an amount equal to the Las Vegas Property Value or making other arrangements for payment reasonably acceptable to Wyvern;
- e) *for the Bellingham Property Value*, by (i) transferring the Bellingham Property, free and

clear of all Liens and land transfer taxes paid by Purchaser, to the Vendors' Representative or to one more other Persons as directed by the Vendors' Representative in writing or (ii) if, prior to Closing, the Purchaser has sold or entered into a binding agreement to sell the Bellingham Property to a third-party, then by paying by wire transfer to an account designated in writing by the Vendors' Representative, an amount equal to the Bellingham Property Value or making other arrangements for payment reasonably acceptable to the Vendors' Representative;

- f) *for the Deferred Shares*, if issuable, in accordance with Section 2.9;
- g) *for the BAMM Deferred Shares*, if payable, in accordance with Section 2.9; and
- h) *for the Earn-Out Payment*, if payable, in accordance with Section 2.10.

2.5 Post-Closing Adjustment

- a) Within Ninety (90) days following the Closing Date, the Purchaser shall cause the Purchaser's Auditor to prepare, at the Purchaser's sole expense, and deliver to the Vendors' Representative a statement setting forth its calculation of the actual Net Assets as of the Closing (the "**Closing Net Assets**") calculated in accordance with Schedule B (as may be supplemented prior to the end of the Verification Period), which statement shall contain an unaudited consolidated balance sheet of the Company as of the Closing Date ("**Closing Statement**").
- b) The Purchase Price shall be adjusted as follows:
 - (i) if the Closing Net Assets are greater than the Estimated Net Assets by more than USD\$150,000, then the Purchase Price shall be increased by the amount of such difference;
 - (ii) if the Closing Net Assets are less than the Estimated Net Assets by more than USD\$150,000, then the Purchase Price shall be decreased by the amount of such difference; and
 - (iii) if the Closing Net Assets are equal to the Estimated Net Assets or are more or less than the Estimated Net Assets by not more than USD\$150,000, then no adjustment shall be made to the Purchase Price.

The net amount of adjustments to the Purchase Price, if any, determined by this Section 2.5b(subject to Section 2.6) is referred to as the "**Post-Closing Adjustment**".

2.6 Examination and Review

- a) **Examination.** After receipt of the Closing Statement, the Company and/or Initial Vendors shall have Thirty (30) days (the "**Review Period**") to review the Closing Statement. During the Review Period, the Company and/or Initial Vendors and its professional advisors shall have full access to the Books and Records of the Company and the Purchaser shall cause the personnel of the Company and Purchaser to cooperate with the Initial Vendors, for the purpose of reviewing the Closing Statement

and to prepare a Statement of Objections; provided, however, that such access shall be in a manner that does not interfere with the normal business operations of Purchaser or the Company.

- b) **Objection.** On or before the last day of the Review Period, the Company and/or Initial Vendors may object to the Closing Statement by delivering to the Purchaser a written statement setting forth the Company and/or Initial Vendors objections in reasonable detail, indicating each disputed item or amount and the basis for the Company and/or Initial Vendors disagreement therewith (the "**Statement of Objections**"). If the Company and/or Initial Vendors fail to deliver the Statement of Objections before the expiration of the Review Period, the Closing Statement (including calculations of the Closing Net Assets set forth thereon) and the Post-Closing Adjustment, prepared by the Purchaser shall be deemed to have been accepted by the Company and Initial Vendors. If the Company and/or Initial Vendors delivers the Statement of Objections before the expiration of the Review Period, Purchaser and the Company and Initial Vendors shall negotiate, in good faith, to resolve such objections within Thirty (30) days after the delivery of the Statement of Objections (the "**Resolution Period**"), and, if the same are so resolved within the Resolution Period, the Post-Closing Adjustment and the Closing Statement with such changes as may have been previously agreed in writing by Purchaser and the Company and Vendors' Representative, shall be final and binding.
- c) **Resolution of Disputes.** If the Company, Initial Vendors and the Purchaser fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute (the "**Disputed Amounts**" and any amounts not so disputed, the "**Undisputed Amounts**") shall be submitted for resolution to the Independent Accountant or, if the Independent Accountant is unable to serve, the Purchaser and the Company and the Initial Vendors shall appoint by mutual agreement a replacement Independent Accountant which shall be an impartial nationally recognized firm of independent chartered professional accountants who, acting as an expert and not an arbitrator, shall resolve the Disputed Amounts only and make any adjustments to the Post-Closing Adjustment, as the case may be, and the Closing Statement. The Company, Initial Vendors and the Purchaser shall instruct the Independent Accountant to make all determinations in accordance with the principles set forth on Schedule B as of the Closing Date, notwithstanding the availability of other accounting methods, policies, practices and/or procedures under GAAP or otherwise. The Independent Accountant shall only decide the specific items under dispute by the parties and its decision for each Disputed Amount must be within the range of values assigned to each such item in the Closing Statement and the Statement of Objections, respectively.
- d) **Fees of the Independent Accountant.** The fees and expenses of the Independent Accountant shall be paid by the Initial Vendors and the Purchaser based upon the percentage that the amount actually contested but not awarded to the Initial Vendors or Purchaser, respectively, bears to the aggregate amount actually contested by the Initial Vendors and Purchaser, respectively.
- e) **Determination by Independent Accountant.** The Independent Accountant shall make a determination as soon as practicable within Thirty (30) days (or such other time as the

Company, Initial Vendors and the Purchaser shall agree in writing) after the day on which the disagreement is referred to the Independent Accountant, and its resolution of the Disputed Amounts and their adjustments to the Closing Statement or the Post-Closing Adjustment, or both, shall be final, conclusive, binding upon and non-appealable by the Parties.

f) **Post-Closing Adjustment Payment**

- (i) If the Post-Closing Adjustment results in an increase to the Purchase Price, then the Purchaser shall pay by wire transfer to an account designated in writing by the Vendors' Representative an amount equal to the increase in the Purchase Price, to be distributed by the Vendors' Representative to each Vendor.
- (ii) If the Post-Closing Adjustment results in a decrease to the Purchase Price, at the Purchaser option: (A) such decrease may be offset against any other amounts owing (at such time or in the future) to the Vendors under this Agreement or otherwise, including the Earn-Out Payment, the Deferred Shares and the BMM Deferred Shares, or (B) the Purchaser may require that each Vendor shall pay to the Vendors' Representative its Pro Rata Share of such decrease and the Vendors' Representative shall pay over such amount received from each Vendor promptly to the account designated by the Purchaser in writing.
- (iii) The amounts payable pursuant to clauses (i) or (ii) above are the "**Post-Closing Adjustment Payment**".
- (iv) The Post-Closing Adjustment Payment (other than in the case where the Purchaser elects to offset pursuant to clause (ii)(A) above) shall be due within Five (5) Business Days of acceptance of the Closing Statement, or if there are Disputed Amounts, then within Five (5) Business Days of the resolution of such dispute as described in Section 2.6e.

g) Notwithstanding ARTICLE 8 and Section 9.7, the procedure set out in this Section 2.6 for resolving disputes with respect to the calculation of the Closing Net Assets is the sole and exclusive method of resolving those disputes, absent manifest error. However, this Section 2.6 will not:

- (i) prohibit either the Purchaser or the Initial Vendors and/or Vendors' Representative from commencing litigation to compel specific performance of this Section 2.6 or to enforce the determination of the Independent Accountant; or
- (ii) prohibit either the Purchaser or the Initial Vendors and/or Vendors' Representative from exercising its rights under Section 8.2 or Section 8.3, as the case may be (but without duplication), if the basis of the dispute could also entitle that Party to make a claim for Damages under Section 8.2b)(i) or 8.3a)(i), as the case may be, and that claim is not discovered until after the delivery of the Closing Statement under Section 2.5a that claim involves the fraudulent act or fraudulent misrepresentation of a Party.

2.7 Adjustments for Tax Purposes

Any Post-Closing Adjustment Payment shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.

2.8 Instruments of Transfer

Each Vendor shall deliver to the Purchaser, certificates, duly endorsed for transfer or accompanied by a duly executed blank stock power, representing all of such Vendor's Purchased Shares. From time to time after the Closing Date, and without further consideration, the Vendors will execute and deliver such other instruments of transfer and take such other actions as the Purchaser may reasonably request, in writing, in order to facilitate the transfer to the Purchaser of the Purchased Shares. In the event any Vendor fails to deliver any certificates evidencing such Vendor's Purchased Shares, the Company will take such actions as are necessary to compel such transfer or to cancel such certificates and issue new certificates in the name of the Purchaser.

2.9 Deferred Equity Compensation

The Purchaser shall issue to the Vendors additional common shares in the capital of the Purchaser (the "Deferred Shares") and shall transfer additional common shares in the capital of BMM (the "BMM Deferred Shares") conditional on the Company achieving the Company Revenue targets set forth in the table below during the 12 month period ended March 31, 2022:

Company Revenue Target	Value of Deferred Shares Issuable	Value of BMM Deferred Shares Payable
USD\$7,000,000	USD\$1,000,000	USD\$1,000,000
USD\$8,000,000	USD\$1,000,000	USD\$1,000,000

In determining whether any Deferred Shares are issuable and any BMM Deferred Shares are payable pursuant to this Section 2.9, the following rules shall apply:

- a) Company Revenues shall be calculated by the Purchaser on a quarterly basis during the 12 month period ended March 31, 2022, and reported to the Initial Vendors and Vendors' Representative no later than Sixty (60) days following the end of each quarter, except in the case of the fiscal year end of the Purchaser, in which case the Company Revenues shall be reported no later than One Hundred Twenty (120) days following the fiscal year end;
- b) the Initial Vendors and their professional advisors shall have full access to the Books and Records of the Company and the Purchaser shall cause the personnel of the Company and Purchaser to cooperate with the Initial Vendors, for the purpose of reviewing the calculation of Company Revenues; provided, however, that such access shall be in a manner that does not interfere with the normal business operations of Purchaser or the Company;
- c) absent manifest error, the Purchaser's calculation of Company Revenues shall be binding and conclusive;

- d) the Parties acknowledge that it is the Purchaser's present intention for the Business to be run after the Closing in a manner generally consistent with the past business practices of the Acquired Companies, provided that it is agreed and acknowledged however that (i) the Purchaser has the power and right to control, manage and make decisions regarding the Purchaser, the Company and the Business in its sole discretion; (ii) the Purchaser is entitled to take any action or omit to take any action as it deems necessary or desirable with respect to the operation or management of the Company and the Business in its sole and absolute discretion in the best overall interest of the Purchaser, provided that the Purchaser shall not take any actions that have as their primary intent or purpose avoiding the issuance or payment of the Deferred Shares and the BMM Deferred Shares;
- e) if any Company Revenue target set forth in the table above is achieved, then the number of Deferred Shares issuable and the number of BMM Deferred Shares payable by the Purchaser shall be calculated by dividing the applicable dollar amounts set forth in the table above by the US Dollar Equivalent of the 15-day Purchaser VWAP and the 15-day BMM VWAP, as applicable;
- f) if any Company Revenue target set forth in the table above is achieved, then the Purchaser shall deliver to the Initial Vendors and the Vendors' Representative, within Thirty (30) days of delivery of the report pursuant to Section 2.9a) in which the target was achieved, a worksheet showing the calculation of cumulative Company Revenue and a calculation of the number of Deferred Shares issuable to, and BMM Deferred Shares payable to, each Vendor;
- g) within Thirty (30) days of delivery of the worksheet referred to in clause (f), the Purchaser shall (i) issue and deliver (or direct its transfer agent to issue and deliver) to each Vendor (or to an account designated in writing by the Vendor) such Vendor's Pro Rata Share of the Deferred Shares, free and clear of all Liens and (ii) transfer to each Vendor (or to an account designated in writing by the Vendor) such Vendor's Pro Rata Share of the BMM Consideration Shares, free and clear of all Liens; and
- h) in the event that BMM undergoes any share split, reverse share split, reorganization, merger, amalgamation, acquisition, recapitalization or other similar transaction prior to the payment of any BMM Deferred Shares required pursuant to this Section 2.9, the Initial Vendors and the Purchaser shall negotiate in good faith to determine an equivalent number of shares in BMM (or any successor thereof) or other consideration to be payable hereunder in lieu of the BMM Deferred Shares.

2.10 Earn-Out Payment

The Purchaser shall make an additional cash payment to the Vendors in an amount equal to Twenty Five Percent (25%) of the portion of Company Revenue for the 12-month period ending March 31, 2022 that exceeds USD\$7,000,000 (the "**Earn-Out Payment**"). The Earn-Out Payment shall only be payable if Company EBITDA for the 12-month period ending March 31, 2022 is at least USD\$3,000,000. The following rules shall apply to the calculation and payment of the Earn-Out Payment:

- a) the Purchaser shall deliver to the Initial Vendors and Vendors' Representative within

One Hundred Twenty (120) days of March 31, 2022 a worksheet showing the calculation of Company Revenue and Company EBITDA for such period and, if applicable, a calculation of the aggregate Earn-Out Payment and each Vendor's Pro Rata Share of the Earn-Out Payment;

- b) the Initial Vendors, Vendors' Representative and its professional advisors shall have full access to the Books and Records of the Company and the Purchaser shall cause the personnel of the Company and Purchaser to cooperate with the Initial Vendors and Vendors' Representative, for the purpose of reviewing the calculation of Company Revenues and Company EBITDA; provided, however, that such access shall be in a manner that does not interfere with the normal business operations of Purchaser or the Company;
- c) absent manifest error, the Purchaser's calculation of Company Revenues and Company EBITDA shall be binding and conclusive;
- d) the Parties acknowledge that it is the Purchaser's present intention for the Business to be run after the Closing in a manner generally consistent with the past business practices of the Acquired Companies, provided that It is agreed and acknowledged however that (i) the Purchaser has the power and right to control, manage and make decisions regarding the Purchaser, the Company and the Business in its sole discretion; (ii) the Purchaser is entitled to take any action or omit to take any action as it deems necessary or desirable with respect to the operation or management of the Company and the Business in its sole and absolute discretion in the best overall interest of the Purchaser, provided that the Purchaser shall not take any actions that have as their primary intent or purpose avoiding the issuance or payment of the Earn-Out Payment;
- e) if an Earn-Out Payment is payable, the Purchaser shall pay the aggregate amount within Thirty (30) days of the delivery of the calculation set forth in clause (a) above by wire transfer to an account designated in writing by the Vendors' Representative, to be distributed by the Vendors' Representative to each Vendor in accordance with such Vendor's Pro-Rata Share.

2.11 Real Estate

- a) At the Closing, unless the Purchaser has elected to satisfy the Bellingham Property Value or the Las Vegas Property Value with cash pursuant to Section 2.4, subject to any reasonable and customary escrow or title transfer procedures (with any land transfer taxes paid by the Purchaser), the Vendors' Representative on behalf of the Bellingham Vendors (or any Person designated by the Vendors' Representative) shall acquire fee simple or insurable title (subject to customary exceptions or exceptions otherwise agreed to by the Vendors' Representative) to the Bellingham Property and Wyvern shall acquire fee simple or insurable title (subject to customary exceptions or exceptions otherwise agreed to by Wyvern) to the Las Vegas Property.
- b) Unless the Purchaser has elected to satisfy the Bellingham Property Value or the Las Vegas Property Value with cash pursuant to Section 2.4, all Taxes, utilities and other amounts related to the Bellingham Property and the Las Vegas Property that are customarily pro-rated in similar transfers of real property will be pro-rated such that the

Purchaser is responsible for all periods prior to the Closing and the Vendors are responsible for all periods from and after the Closing. The Cash Purchase Price shall be adjusted accordingly in the event there are net amounts owing between the Vendors or the Purchaser in respect of such prorations and such amount shall be included in the calculation of Net Assets.

- c) The Purchaser shall be responsible for all real property transfer Taxes related to the transfer of the Bellingham Property and the Las Vegas Property.

2.12 Vendors' Representative

- a) The Initial Vendors hereby appoint Dean Kajioka, Esq., Kajioka & Associates, as the Vendors' Representative.
- b) In order to efficiently administer the transaction contemplated hereby, including: (i) the determination of the Post-Closing Adjustment; (ii) waiver of any condition to the obligations of the Company and the Vendors to consummate the transactions contemplated hereby; (iii) defence and/or settlement of any claims for which the Vendors may be required to indemnify the Purchaser pursuant to this Agreement, and (iv) assertion of any claims for which the Purchaser may be required to indemnify the Vendors pursuant to this Agreement, the Vendors' Representative, is irrevocably constituted and appointed by the Vendors as the true, exclusive and lawful representative, attorney-in-fact and agent for the Vendors in connection with the provisions hereof.
- c) The Initial Vendors or the Vendors' Representative are hereby authorized: (i) to make all decisions related to the determination of the Post-Closing Adjustment pursuant to Sections 2.5 and 2.6; (ii) to take all action necessary in connection with the waiver of any condition to the obligations of the Company and the Vendors to consummate the transactions contemplated hereby, or the defence and/or settlement of any claims for which the Vendors may be required to indemnify the Purchaser pursuant to ARTICLE 8 or assertion of any claims for which the Purchaser may be required to indemnify the Vendors pursuant to this Agreement; (iii) to give and receive all notices required to be given under the Agreement; and (iv) to take any additional action as is contemplated to be taken by or on behalf of the Vendors by the terms of this Agreement.
- d) Without limiting the foregoing, it is hereby agreed that:
 - (i) The Purchaser shall be able to rely conclusively on the instructions and decisions of the Initial Vendors or the Vendors' Representative as to the determination of the Post-Closing Adjustment, the settlement of any claims for indemnification by the Purchaser or the settlement of any claims for indemnification on behalf of the Vendors pursuant to ARTICLE 8 or any other actions required or permitted to be taken by the Initial Vendors or the Vendors' Representative hereunder and no Party shall have any cause of action against the Purchaser in reliance upon the instructions or decisions of the Initial Vendors or the Vendors' Representative.
 - (ii) No Vendor shall have any cause of action against the Initial Vendors or the

Vendors' Representative for any action taken, decision made or instruction given by the Initial Vendors or the Vendors' Representative under this Agreement, except for fraud, bad faith, gross negligence or willful misconduct by the Initial Vendors or the Vendors' Representative. The Initial Vendors or the Vendors' Representative shall not be liable to any Vendor for any action taken or omitted to be taken by it in connection with the transactions contemplated by this Agreement in good faith and without gross negligence or willful misconduct. The Initial Vendors or the Vendors' Representative may, at their expense (subject to the rights of indemnification from the Vendors below), at any time consult with independent legal counsel of its own choice in any such matters, and shall as among the Vendors have full and complete authorization and protection from any action taken or omitted to be taken by it in accordance with the advice of such legal counsel, and shall incur no liability to any Vendor for any delay reasonably required to obtain the advice of any such legal counsel. The Vendors shall be jointly and severally liable and shall indemnify the Initial Vendors or the Vendors' Representative for, and hold it harmless against, any and all losses, liabilities, damages, claims, penalties, fines, forfeitures, actions, fees, costs and expenses (including the fees and expenses of counsel and experts and their staff and all expenses of document location, duplication and shipment) (collectively, the "**Representative Losses**") arising out of or in connection with the Initial Vendors or the Vendors' Representative's execution and performance of this Agreement and any agreements ancillary hereto, in each case as such Representative Losses are suffered or incurred; provided, however, that in the event that any such Representative Losses are finally adjudicated to have been directly caused by the fraud, bad faith, gross negligence or willful misconduct of the Initial Vendors or the Vendors' Representative, the Initial Vendors or the Vendors' Representative, as applicable, will reimburse the Vendors the amount of such indemnified Representative Losses to the extent attributable to such fraud, bad faith, gross negligence or willful misconduct. In no event will the Vendors' Representative be required to advance its own funds on behalf of the Vendors or otherwise. Notwithstanding anything in this Agreement to the contrary, any restrictions or limitation on liability or indemnification obligations of, or provisions limiting the recourse against non- parties otherwise applicable to the Vendors set forth elsewhere in this Agreement are not intended to be applicable to the indemnities provided to the Initial Vendors or the Vendors' Representative under this Section (ii). The foregoing indemnities will survive the Closing, the resignation or removal of the Vendors' Representative or the termination of this Agreement.

- (iii) Any expenses incurred by or payable or reimbursable to the Initial Vendors or the Vendors' Representative by any Acquired Company as of the Closing shall constitute Transaction Costs. Any expenses incurred by or payable or reimbursable to the Initial Vendors or the Vendors' Representative by any Acquired Company following the Closing Date may be offset by the Purchaser against any amounts payable to the Vendors under this Agreement.
- (iv) The provisions of this Section 2.12 are independent and severable, are

irrevocable and coupled with an interest and shall be enforceable notwithstanding any rights and remedies that any Vendor may have in connection with the transactions contemplated by this Agreement.

2.13 Withholding

Notwithstanding any other provision in this Agreement, the Purchaser shall have the right to deduct and withhold any Taxes required to be withheld under the Tax Act, the Code or other Tax Legislation from any payments to be made hereunder provided that the Purchaser provides evidence of reasonable grounds for any such withholding to the Initial Vendors and Vendors' Representative. To the extent that amounts are so withheld and paid to the appropriate Governmental Authority, such withheld amounts shall be treated for all purposes of this Agreement as having been delivered and paid to the applicable Vendor, the Vendors' Representative or any other recipient of payment in respect of which such deduction and withholding was made.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Vendors

Except as otherwise disclosed in the Vendors' Disclosure Letter, each Vendor will be deemed to represent and warrant to the Purchaser, only as to itself, and severally and not jointly, nor jointly and severally, as of the date of this Agreement and immediately prior to the Closing Time, as follows:

3.1.1 Qualification of the Vendors

- a) Where the Vendor is an individual, the Vendor is of the legal age of majority in the jurisdiction in which the Vendor is resident and is legally competent to execute and be bound by this Agreement, the other Transaction Documents and the Closing Documents to which it is or will become a party and to take all action and perform all covenants and obligations required to be performed by him or her pursuant to the terms hereof and thereof.
- b) Where the Vendor is not an individual, the Vendor is a corporation, limited liability company, trust or other legal entity validly formed and in valid existence and good standing under the Laws of the jurisdiction where it was formed with requisite power and authority to own its properties and carry on its purposes in all material respects as presently owned or conducted, except where the failure to have such power or authority would not reasonably be expected, individually or in the aggregate, to materially impair or delay the Vendor's ability to effect the transactions contemplated hereby.

3.1.2 Validity of Agreement

This Agreement has been duly executed and delivered by the Vendor and (assuming due execution and delivery by the other Parties) is a legal, valid and binding obligation of such Vendor enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other Laws affecting the rights of creditors generally and

except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

3.1.3 Title to Purchased Shares

Such Vendor is the record owner of the number of Purchased Shares set forth opposite such Vendor's name on Schedule A hereto (as may be supplemented prior to the end of the Verification Period) and no one other than such Vendor has any right, title or interest in such Purchased Shares. On the Closing Date, such Vendor or the Company shall transfer to the Purchaser good title to such Purchased Shares, free and clear of all Liens. Immediately following the Closing Time, such Vendor will no longer have any ownership interest in such Purchased Shares, other than such Vendor's right to be paid his, her or its Pro Rata Share of the Purchase Price, as adjusted, pursuant to this Agreement.

3.1.4 No Other Agreements or Options

Except for the Purchaser's right in this Agreement, no Person has any written or oral agreement or option or any right or privilege capable of becoming an agreement or option for the purchase or other acquisition from such Vendor of any of such Vendor's Purchased Shares.

3.1.5 Bankruptcy

Such Vendor is not an insolvent Person within the meaning of the United States Bankruptcy Code or under applicable Canadian insolvency Laws and has not made an assignment in favor of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of such Vendor. Such Vendor has not initiated proceedings with respect to a compromise or arrangement with its creditors. No receiver or interim receiver has been appointed in respect of such Vendor or any of its undertaking, property or assets (including such Vendor's Purchased Shares), nor to the knowledge of such Vendor, have any proceedings been commenced in connection with any of the foregoing.

3.1.6 Litigation

There are no Legal Proceedings (whether or not purportedly on its behalf) pending or outstanding against such Vendor or, to such Vendor's knowledge, threatened against such Vendor which would reasonably be expected to adversely affect such Vendor's ownership of his, her or its Purchased Shares or such Vendor's ability to perform his, her or its obligations under this Agreement and the other Transaction Documents to which he, she or it is a party.

3.1.7 Securities Law Matters

- a) Such Vendor represents that it is experienced in evaluating and investing in private placement transactions of securities of companies in a similar stage of development as the Purchaser and BMM and acknowledges that it can bear the economic risk of such investment for an indefinite period of time, and has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the purchase of the Equity Consideration. Such Vendor also represents that it has not been organized for

the purpose of acquiring the Equity Consideration.

- b) Such Vendor has received all the information it considers necessary or appropriate for deciding whether to purchase (or receive their respective portion of) the Equity Consideration. Such Vendor represents that it has had an opportunity to ask questions of and receive answers from the Purchaser regarding the terms and conditions of the sale of the Consideration Shares and the business, properties, prospects, and financial condition of Purchaser and to obtain additional information (to the extent the Purchaser possessed such information or could acquire it without unreasonable effort or expense) necessary to verify the accuracy of any information furnished to such Vendor or to which such Vendor has had access.
- c) Such Vendor hereby acknowledges that the shares comprising the Equity Consideration have not been registered under the U.S. Securities Act and may not be offered or sold within the United States to, or for the account or benefit of, U.S. Persons (as such term is defined in Regulation S under the U.S. Securities Act) except: (i) pursuant to an effective registration statement under the U.S. Securities Act; or (ii) pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities Laws. Such Vendor hereby acknowledges that the shares comprising the Equity Consideration will be "restricted securities" (as defined in Rule 144a(3) under the U.S. Securities Act) and will be subject to restrictions on resale and any certificates or evidence therefor will contain a restrictive legend. Such Vendor hereby consents to the Purchaser making a notation on its records or giving instructions to any transfer agent for the Consideration Shares and the Deferred Shares, including stop transfer orders, to implement the foregoing restrictions on transfer.
- d) If such Vendor is (i) a Canadian Vendor, then it is an "accredited investor" as defined in NI 45-106, or (ii) a US Vendor, then it is an "accredited investor" as defined in both Rule 501(a) of Regulation D promulgated under the U.S. Securities Act and NI 45-106.
- e) Such Vendor is not acquiring its Consideration Shares as a result of "general solicitation" or "general advertising" (as such terms are used in Rule 502 of Regulation D promulgated under the US Securities Act) and such Vendor's address for blue sky purposes is set forth in Schedule A hereto (as may be supplemented prior to the end of the Verification Period).

3.2 Representations and Warranties of the Company

Except as set forth on the Vendors' Disclosure Letter, the Company represents and warrants to the Purchaser, as of the date of this Agreement and immediately prior to the Closing Time, as follows:

3.2.1 Incorporation and Qualification of the Acquired Companies

Each of the Acquired Companies is an entity organized and existing under the law of its

jurisdiction of incorporation, as listed on the Vendors' Disclosure Letter and has the corporate power and capacity to own, lease, use and operate its property, carry on the Business as now being conducted by it and enter into and perform its obligations under this Agreement (to the extent a party) and each of the Closing Documents to which it is or is to become a party. Each of the Acquired Companies is registered, licensed or otherwise qualified to carry on the Business and is in good standing in the jurisdictions where it conducts Business, which are all of the jurisdictions in which the nature of the Business or the property or assets owned or leased by any Acquired Company makes that qualification necessary or where any Acquired Company owns or leases any material properties or assets or conducts any material business, except where such failure to qualify would not reasonably be expected to result in a Material Adverse Effect to the Company.

3.2.2 No Solvency or Reorganization Proceedings

No Acquired Company is insolvent and, to the knowledge of the Company, no proceedings have been taken or authorized by any of the Vendors, any Acquired Company or by any other Person with respect to the bankruptcy, insolvency, liquidation, dissolution or winding up of any Acquired Company or with (other than pursuant to this Agreement) respect to any amalgamation, merger, consolidation, arrangement, receivership or reorganization of, or relating to, any Acquired Company nor, to the knowledge of the Company, have any such proceedings been threatened by any other Person.

3.2.3 Authorization of Sale

The execution and delivery of, and performance by the Company of, this Agreement and the completion of the transactions contemplated hereby have been duly authorized by all necessary corporate action on behalf of the Company. The execution and delivery of this Agreement by the Company and the consummation by it of the transactions contemplated hereby have been duly and validly authorized and approved by the Board of Directors (or equivalent governing body) of the Company, and no other organizational proceeding on the part of the Company is necessary to authorize this Agreement. This Agreement has been duly and validly executed and delivered by the Company and (assuming this Agreement constitutes a legal, valid and binding obligation of the other Parties hereto) constitutes a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms. The constating documents of the Company permit the Initial Vendors and the Company to bind the other Vendors to the transactions contemplated by this Agreement and all necessary corporate and shareholder actions necessary to so bind such other Vendors has been taken by the Company and the Initial Vendors and has not been revoked.

3.2.4 Validity of Agreement

This Agreement and the other Transaction Documents to which the Company is or is to become a party have been or will be duly executed and delivered by the Company and are or will be legal, valid and binding obligations of the Company, enforceable against it in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

3.2.5 Capitalization of the Acquired Companies

The authorized and issued capital stock of each of the Acquired Companies is set out on the Vendors' Disclosure Letter. All of the Purchased Shares have been duly authorized and validly issued and are fully paid and non-assessable and were and are not subject to and were not issued in violation of any purchase option, call option, right of first refusal, pre-emptive right, subscription right or similar right under any provision of applicable Law, the articles of incorporation or bylaws of the Company or any Contract to which the Company is a party or otherwise bound and constitute the only issued and outstanding shares of the Company.

3.2.6 No Conflicts

The execution and delivery of and performance by the Company of this Agreement and each of the other Transaction Documents to which it is or is to become a party do not and will not (with or without the giving of notice, the lapse of time or the happening of any other event or condition):

- a) result in the violation or breach of, conflict with or default under, or allow any Person to exercise any rights under, any of the terms or provisions of:
 - (i) the constating documents of any Acquired Company; or
 - (ii) any Contract to which any Acquired Company is a party; or
- b) result in the violation or breach of, conflict with or default under any applicable Laws.

3.2.7 Required Regulatory Approvals

There is no requirement on the part of any Acquired Company to obtain any Regulatory Approval or make any filing with or give notice to any Governmental Authority in connection with the performance of its obligations under this Agreement or any other Transaction Document or to maintain all of its rights and benefits under any Company Material Contract, Order or License applicable to it after Closing, except where the failure to make such filings or give such notifications would not reasonably be expected to result in a Material Adverse Effect on the Company.

3.2.8 Required Consents

There is no requirement on the part of any Acquired Company to obtain any Consent in connection with the performance of its obligations under this Agreement or the other Transaction Documents or to maintain all of its rights and benefits of the Company under any Company Material Contract, Order or License after Closing, except where the failure to obtain such consent would not reasonably be expected to result in a Material Adverse Effect on the Company.

3.2.9 Corporate Records

The minute books of the Acquired Companies and other corporate records made available to

the Purchaser have been maintained in accordance with applicable Laws and include:

- a) complete and accurate copies of the constating documents of each Acquired Company;
- b) complete and accurate minutes of all meetings of the Company's shareholders, directors and committees of directors since incorporation that are in the possession of the Company, which meetings were duly called and held;
- c) complete and accurate copies of all resolutions in writing passed by the Company's shareholders, directors and committees of directors since incorporation that are in the possession of the Company, which resolutions were duly adopted; and
- d) the share certificate book, securities register, register of transfers, register of directors and register of officers of each Acquired Company, each of which is complete, accurate and current.

All corporate proceedings and actions reflected in the minute books of each Acquired Company have been conducted or taken in accordance with applicable Laws and its constating documents. There are no shareholders' agreements or unanimous shareholders' agreements or similar agreements governing the affairs of any Acquired Company or the relationship, rights and duties of its shareholders or directors, nor are there any voting trusts, pooling arrangements or other similar agreements with respect to the ownership or voting of any shares of any Acquired Company.

3.2.10 [reserved]

3.2.11 Business Carried on in Ordinary Course

Except as set forth in the Vendors' Disclosure Letter, and except as contemplated in this Agreement, the other Transaction Documents, since the date of the most recent balance sheet in the Audited Financial Statements, each Acquired Company has carried on business in the ordinary course, consistent with past practice and specifically, but not limiting the generality of the foregoing, has not:

- a) sold or otherwise disposed of any material portion of its assets except for inventory sold in the ordinary course of business;
- b) incurred or assumed any obligation or liability of any nature whatsoever other than current liabilities incurred in the ordinary course of business;
- c) created or permitted to exist any Lien on any of its assets other than a Permitted Lien;
- d) made any capital expenditures which individually or in the aggregate exceeded USD\$500,000;

- e) suffered any extraordinary loss, whether or not covered by insurance;
- f) made any material change to the method of billing customers or the credit terms made available to customers;
- g) made any material change to any method of management, operation or accounting in respect of the Business;
- h) compromised or settled any Legal Proceeding pending against it, the Business or any of its assets;
- i) written off any Accounts Receivable which individually or in the aggregate exceeded USD\$100,000;
- j) hired or dismissed any Employees whose annual remuneration exceeds USD\$200,000;
- k) materially increased the rate of wages, salaries or bonuses of any Employees other than in the ordinary course of business and consistent with past practices, or as required by Law or under the terms of any Contract;
- l) increased the benefits to which Employees and former employees are entitled under any Employee Benefit Plan or created any new Employee Benefit Plan other than in the ordinary course of business and consistent with past practices, or as required by Law or under the terms of any Contract;
- m) entered into, modified, amended or terminated any Company Material Contract or waived or released any rights under any Company Material Contract, other than in the ordinary course of business; or
- n) authorized, agreed or become bound to do any of the foregoing.

3.2.12 Compliance with Applicable Laws

Each Acquired Company has conducted and is conducting the Business and operates and maintains the properties and assets used in the Business in material compliance with applicable Laws. No Acquired Company has received any written notice of any alleged violation of any applicable Law from any Governmental Authority that has not been remedied or rectified or which is currently being disputed by the Company.

3.2.13 Required Licenses

Each Acquired Company possesses all Licenses required under applicable Laws to conduct the Business and to own, use and operate its properties and assets used in the Business. A complete and accurate list of all those Licenses required under applicable Laws to conduct the Business is set forth in the Vendors' Disclosure Letter. True and complete copies of all Licenses have been made available to the Purchaser, and such Licenses are in full force and effect. To the knowledge of the Company, there is no material default by any Acquired Company under any of them, and no Legal Proceeding is pending, or to the knowledge of the Company threatened, against it with

respect to any such License.

3.2.14 No Material Adverse Change

Except as set forth in the Vendors' Disclosure Letter or as contemplated in Section 3.2.11, since the last balance sheet date in the Audited Financial Statements, there have been no changes in the Business or any of the assets, operations, affairs or condition (financial or otherwise) of the Company, in each case except to the extent such changes would not reasonably be expected to result in a Material Adverse Effect on the Company.

3.2.15 Books and Records

All Books and Records material to the Business that are required by applicable Laws to be maintained by the Company, are properly, fully and accurately maintained by the Company in accordance with such applicable Laws.

3.2.16 Financial Statements

The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis through the period involved, subject to usual year-end adjustments in the case of the Interim Financial Statements and present fully, fairly and accurately:

- a) the assets, liabilities and financial condition of the Company and its consolidated Subsidiaries; and
- b) the revenues, earnings and results of operations of the Company and its consolidated Subsidiaries,

in each case, as of the date and throughout the period indicated. True, correct and complete copies of the Audited Financial Statements have been made available to the Purchaser and true, correct and complete copies of the Interim Financial Statements will be provided to the Purchaser prior to the end of the Verification Period.

3.2.17 Affiliate Transactions

Except as set forth on the Vendors' Disclosure Letter or as contemplated pursuant to this Agreement or the other Transaction Documents:

- a) no Interested Person is indebted to the Company, nor is the Company indebted to any Interested Person, in an amount in excess of USD\$25,000 other than prefund loans from Interested Persons in respect of UK operations which loans and corresponding deposits will be included in the calculation of Net Assets;
- b) the Company is not a party to any Contract with any Interested Person other than Contracts of employment and prefund loans from Interested Persons in respect of UK operations;
- c) no Interested Person owns, directly or indirectly, in whole or in part, any personal property or Intellectual and Industrial Property that is material to the

Business;

- d) to the knowledge of the Company, there are no facts that would reasonably be expected to result in an Interested Party bringing a cause of action against the Company in connection with the Business; and
- e) since the balance sheet date of the Audited Financial Statements, no payment has been made to any Interested Person, other than payments of salary or consulting fees in the ordinary course and interest and principal payments on the Company's prefund loans in respect of UK operations.

3.2.18 No Liabilities

- a) The accountants of the Company have not notified the Company of any material deficiencies in the design or operation of the internal controls of the Company and its consolidated Subsidiaries in connection with the audit of the Audited Financial Statements.
- b) No Acquired Company has any liabilities, obligations or commitments of any nature whatsoever, asserted, known or unknown, accrued or unaccrued, matured or unmatured or otherwise, except for those: (i) adequately reflected or reserved against in the Financial Statements; (ii) disclosed in this Agreement; or (iii) liabilities incurred in the ordinary course of business after the balance sheet date of the Audited Financial Statements, which are not, in the aggregate, material in amount.

3.2.19 Debt Instruments; Liens

Except: (i) as set forth on the Vendors' Disclosure Letter; (ii) Permitted Liens; or (iii) as reflected or reserved for in the Audited Financial Statements or disclosed in the notes thereto; no Acquired Company is a party to or bound by or subject to any Debt Instrument or any agreement, contract or commitment to create, assume or issue any Debt Instrument, and no Debt Instrument or Lien which any Acquired Company is a party to or bound by or subject to is dependent upon the Guarantee of or any security provided by any other Person. True and complete copies of all such Debt Instruments have been made available to the Purchaser. To the knowledge of the Company, those Debt Instruments are in full force and effect. There are no outstanding defaults or violations under any of those Debt Instruments on the part of any Acquired Company or, to the knowledge of the Company, on the part of any other party to those Debt Instruments. There are no current or pending negotiations with respect to the renewal, repudiation or amendment of any of such Debt Instruments.

3.2.20 Banking Information

Set forth on the Vendors' Disclosure Letter is a complete and accurate list of the name and location (including municipal address) of each bank, trust company or similar institution in which an Acquired Company has an account or safe deposit box, the number or designation of each such account and safe deposit box and the name of each Person authorized to draw thereon or have access thereto.

3.2.21 Guarantees

No Acquired Company has given or agreed to give, nor is it a party to or bound by or subject to any Guarantee that is material to the Business.

3.2.22 Title to the Assets

Except for the Licensed IP, any Leased Property and any leased personal property that is the subject of any Equipment Lease or operating lease, the Acquired Companies are the sole beneficial (and where its interests are registered, the sole registered) owners of all the property and assets (whether real, personal or mixed and whether tangible or intangible) required to operate the Business as currently operated, with good title thereto, free and clear of all Liens other than Permitted Liens.

3.2.23 Sufficiency and Condition of Assets

The assets owned, licensed or leased by the Acquired Companies constitute all of the property and assets necessary to carry on the Business as it is currently carried on, are free of material defects and include all proprietary rights, Intellectual and Industrial Property Rights and other property and assets, tangible and intangible, used in connection with the Business. All material tangible assets used in the Business are in good operating condition and in a state of good repair and maintenance, except only for reasonable wear and tear.

3.2.24 Owned Real Property

No Acquired Company is, and no Acquired Company has ever been, the owner of real property. No Acquired Company owns or has any interest in, nor is any Acquired Company a party to or bound by or subject to any option or other Contract respecting, any real property other than the Leased Property.

3.2.25 Leases and Leased Property

- a) Set forth on the Vendors' Disclosure Letter is a complete and accurate list of all of the Leases to which any Acquired Company is a party, which includes leased storage spaces. True and complete copies of all of the Leases have been made available to the Purchaser.
- b) To the knowledge of the Company, the Leases are in full force and effect. There are no current or pending negotiations with respect to the renewal, surrender, termination or amendment of any of the Leases.
- c) All payments required to be made by any Acquired Company under the Leases prior to the date hereof have been paid. There are no outstanding defaults or violations under any of those Leases on the part of any Acquired Company or, to the knowledge of the Company, on the part of any other party to any of those Leases. To the knowledge of the Company, there are no disputes between any Acquired Company and any other party to any of those Leases. No Acquired Company has sublet, assigned, licensed or otherwise conveyed any rights in the Leases or the Leased Property to any other Person.

3.2.26 Real Property Generally

All of the plant, buildings, structures, erections, improvements, appurtenances and fixtures (in this Section 3.2.26, "**buildings and structures**") situated on or forming part of Leased Property, if any, are, to the knowledge of the Company, in good operating condition and in a state of good maintenance and repair, are adequate and suitable for the purposes for which they are currently being used and the Company has adequate rights of ingress and egress to and from all of the buildings and structures for the operation of the Business in the ordinary course.

3.2.27 Equipment Leases

Set forth on the Vendors' Disclosure Letter is a complete and accurate list of all of the Equipment Leases to which any Acquired Company is a party. True and complete copies of all Equipment Leases have been made available to the Purchaser. To the knowledge of the Company, such Equipment Leases are in full force and effect. There are no outstanding defaults or violations under any of those Equipment Leases on the part of any Acquired Company or, to the knowledge of the Company, on the part of any other party to any of those Equipment Leases. There are no current or pending negotiations with respect to the renewal, repudiation or amendment of any of such Equipment Leases. The entire interest of the applicable Acquired Company under each of the Equipment Leases is held by it free and clear of all Liens other than Permitted Liens. All payments required to be made by the applicable Acquired Company under the Equipment Leases prior to the date hereof have been paid.

3.2.28 Material Contracts

The Vendors' Disclosure Letter sets forth each Acquired Company's material Contracts (collectively, the "**Company Material Contracts**"):

- a) any distributor, sales, advertising, agency or manufacturer's representative Contract;
- b) any continuing Contract for the purchase of materials, supplies, equipment or services involving more than USD\$150,000 over the life of the Contract;
- c) any Debt Instrument or any currency exchange, interest rate, commodities or other hedging arrangement or any leasing transaction of the type required to be capitalized in accordance with GAAP;
- d) any Contract for capital expenditures in excess of USD\$250,000 in the aggregate;
- e) any Contract under which any Acquired Company is a lessor of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property where the payments due from the Acquired Company in any year exceeds USD\$75,000;
- f) any confidentiality, secrecy or non-disclosure Contract relating to any proprietary or confidential information of any Acquired Company;

- g) any non-competition, non-solicitation or similar Contract limiting the freedom of any Acquired Company to compete in any line of business or any geographic area, acquire or sell goods or services or establish the prices for its goods or services;
- h) any Contract to which any Acquired Company is party that expires, or may expire if the same is not renewed or extended at the option of any Person other than the Acquired Company, more than one year after the date of this Agreement;
- i) any commitment for charitable contributions;
- j) any material quotations, orders or tenders for Contracts material to the Business which remain open for acceptance;
- k) any other Contract that is material to the Business.

True and complete copies of all the Company Material Contracts have been made available to the Purchaser. Except as disclosed in the Vendors' Disclosure Letter, to the knowledge of the Company, the Company Material Contracts are in full force and effect. There are no outstanding defaults or violations under any Company Material Contract on the part of any Acquired Company or, to the knowledge of the Company, on the part of any other party to any Company Material Contract. There are no current or pending negotiations with respect to the renewal, repudiation or amendment of any Company Material Contract. The applicable Acquired Company has the capacity, including the necessary personnel, equipment and supplies, to perform its obligations under the Company Material Contracts.

3.2.29 Accounts Receivable

The Accounts Receivable due or accruing to the Acquired Companies: (a) are reflected in the Financial Statements and the Accounting Records to the extent covered by the time period set forth therein; (b) arose in the ordinary course of the Business; (c) are bona fide; and (d) subject to a reasonable allowance for doubtful accounts that has been reflected in the Financial Statements and Accounting Records, and are collectible without defence, set-off or counterclaim other than returns, trade and customer credits.

3.2.30 Intellectual and Industrial Property

- a) The Vendors' Disclosure Letter contains a complete and accurate list and description of all of the Company's Intellectual and Industrial Property and specifies, for each item, whether the Company's Intellectual and Industrial Property (including all Intellectual and Industrial Property Rights pertaining thereto) is owned by an Acquired Company ("**Owned IP**") or whether the Company's Intellectual and Industrial Property is used by an Acquired Company under a license agreement or arrangement from another Person ("**Licensed IP**").
- b) The Vendors' Disclosure Letter specifies, for each item of Owned IP that is registered, the registration or application number, country, filing and expiration dates (if any), classes and, a description of any unregistered Owned IP not under

application for registration.

- c) All of the Owned IP is valid and subsisting, is owned by an Acquired Company with good title thereto free of all Liens other than Permitted Liens and the Acquired Company has the unencumbered right to use (where use includes the ability to modify, enhance, make derivative works, adapt, translate, market, license with right to grant sub-licenses, sell, rent and any other activity associated with the term "use", all without restriction of any kind from any third person (in this Section 3.2.30, "use")) the Owned IP; and all registrations and filings necessary to preserve the rights of the Acquired Company in and to the Owned IP have been made.
- d) The Company has secured valid written waivers of moral rights from all consultants and Employees who contributed to the creation or development of any of the Owned IP and an assignment of the Intellectual and Industrial Property Rights to those contributions that the Company does not already own by operation of law.
- e) The Company has taken all necessary and appropriate steps to protect and preserve the confidentiality of all the Owned IP not otherwise protected by patents, patent applications or copyright (in this Section 3.2.30, "**Confidential Property**"). All use, disclosure or appropriation of Confidential Property owned by the Company by or to a third person has been under the terms of a written agreement between the Company and that third person. All use, disclosure or appropriation by the Company of Confidential Property not owned by the Company has been under the terms of a written agreement between the Company and the owner of that confidential property, or is otherwise lawful.
- f) The Vendors' Disclosure Letter contains a complete and accurate list and description of all license agreements or arrangements entered into by any Acquired Company under which any Person has been granted rights by the Acquired Company to use Owned IP. To the knowledge of the Company, each license agreement or arrangement with respect to Owned IP is in full force and effect. There are no outstanding defaults or violations under any of those license agreements or arrangements on the part of any Acquired Company or, to the knowledge of the Company, on the part of any other party to those license agreements or arrangements
- g) The Vendors' Disclosure Letter specifies, for each item of Licensed IP, whether the rights granted to the applicable Acquired Company thereunder are exclusive or non-exclusive. To the knowledge of the Company, those license agreements and arrangements are in full force and effect. There are no outstanding defaults or violations under any of those license agreements or arrangements on the part of any Acquired Company or, to the knowledge of the Company, on the part of any other party to those license agreements or arrangements. There are no current or pending negotiations with respect to the renewal, repudiation or amendment of any such license agreement or arrangement. The applicable Acquired Company has the unencumbered right to Use any Licensed IP that is

embedded or integrated into any Owned IP under the applicable license agreement or arrangement with the owner of Licensed IP and the right to use (without any condition, payment or fee) all other Licensed IP, including computer software, as is necessary for the conduct of the Business as currently being conducted.

- h) There is no Legal Proceeding pending or, to the knowledge of the Company, threatened against any Acquired Company claiming infringement, adverse ownership, invalidity, lack of distinctiveness or conflict with respect to any of the Owned IP or the Licensed IP or challenging any Intellectual and Industrial Property Rights of any Acquired Company in and to Owned IP or Licensed IP or the right of any Acquired Company to Use Owned IP or use Licensed IP in the conduct of the Business.
- i) The conduct of the Business by the Company and its Use of Owned IP and use of Licensed IP do not conflict with, infringe upon or violate and are not alleged by any Person to conflict with, infringe upon or violate the Intellectual and Industrial Property Rights of any other Person. No Acquired Company has misappropriated, infringed, used or disclosed without authorization any Intellectual and Industrial Property Rights of any other Person.
- j) No Acquired Company has commenced any Legal Proceeding challenging the Intellectual and Industrial Property Rights of any other Person and, to the knowledge of the Company, there is no unauthorized Use, disclosure, infringement or misappropriation by any third person of any of the Company Intellectual and Industrial Property Rights.
- k) There are no actions that must be taken by any Acquired Company within Sixty (60) days of the Closing Date that, if not taken, would result in the loss of the Acquired Company's ownership or right to Use any Intellectual and Industrial Property Rights in and to the Company's Intellectual and Industrial Property, including the payment of any registration, maintenance or renewal fees or the filing of any responses to any patent and trademark office, actions, documents, applications or certificates for the purposes of obtaining, maintaining, perfecting or preserving or renewing any Intellectual and Industrial Property Rights in and to the Company's Intellectual and Industrial Property, except where the failure to take such actions would not reasonably be expected to result in a Material Adverse Effect on the Company.

3.2.31 Inventories

The inventories of each Acquired Company that consist of tangible personal property of the kind and quality regularly used or produced in the Business and are of market value quality, are saleable or re-saleable (or useable) in the ordinary course of business for the purpose for which they were intended and are at a level consistent with the level of inventories that has been maintained in the operation of the Business prior to the date of this Agreement in accordance with normal Business practice.

3.2.32 Investments

- a) Each Acquired Company has no Subsidiary and does not own nor has it agreed to acquire, directly or indirectly, any shares or securities convertible into shares in the capital of any other body corporate or any equity or ownership interest in any other business or Person.
- b) Each Acquired Company is not a partner, beneficiary, trustee, co-tenant, joint venturer or otherwise a participant in any partnership, trust, joint venture, co-tenancy or similar jointly owned business undertaking.
- c) Each Acquired Company is not subject to any obligation to provide funds to or to make any investment in any business or Person by way of loan or capital contribution.

3.2.33 Customers and Suppliers

The Vendors' Disclosure Letter sets forth a list of the top five customers and top five suppliers of the Company and its consolidated Subsidiaries as of its most recently completed fiscal year. There has been no termination or material adverse modification or notice thereof of the relationship of the Company or the terms of any Contract with any such customer or supplier. There are no outstanding warranties, repair contracts or other maintenance obligations with or to customers or other users of the products of any Acquired Company and no Acquired Company is required to provide any bonding or other financial security arrangements in connection with any transactions with any of its customers or suppliers, whether or not in the ordinary course of business.

3.2.34 Employees and Contractors

- a) The Vendors' Disclosure Letter sets forth a list, to be updated as of a date not later than Five (5) days prior to the Closing Date (the "**Employee Determination Date**"), of the titles or positions of all Employees and contractors of any Acquired Company with their date of hire and the primary location of their work, whether they are actively at work or not and, if not, the reason for the absence and expected return to work date, a list of all written Contracts with Employees and contractors, a complete and accurate summary of the terms of all oral Contracts with Employees and contractors, and a complete and accurate list of the remuneration of, and Employee Benefit Plans applicable to, each Employee and contractor.
- b) True and complete copies of all Employee and contractor Contracts have been made available to the Purchaser. To the knowledge of the Company, those Contracts are in full force and effect. There are no outstanding defaults or violations under any of those Contracts on the part of any Acquired Company or, to the knowledge of the Company, on the part of any other party to those Contracts.
- c) No Acquired Company is a party to or bound by or subject to any collective agreement, letter of understanding, letter of intent or other written

communication with any labor union, works council, labor organization or employee association that governs the terms and conditions of employment of any Employees or imposes obligations on any Acquired Company.

- d) The Company has not taken any action that would constitute a "**mass layoff**," "**mass termination**" or "**plant closing**" within the meaning of the United States *Workers' Adjustment and Retraining Notification Act* or otherwise trigger notice requirements or liability under any federal, local, state or foreign plant closing notice of collective dismissal law.

3.2.35 Employee Benefit Plans

- a) No Acquired Company has or has in the past had any Employee Benefit Plan.

3.2.36 Environmental Matters

- a) No Acquired Company has used any of the Leased Property (including any real property previously owned, leased, occupied or used by the Company), or permitted them to be used, to refine, treat, dispose, produce or process Hazardous Substances. There is no Hazardous Substance originating from any adjoining or neighboring properties which has, or is suspected to be, migrating into or under the Leased Property or otherwise affecting the Business.
- b) Neither any Acquired Company nor any other Person responsible under Environmental Laws for acts of an Acquired Company: (i) has been convicted of, or pled guilty to, an offence, fined or otherwise sentenced for non-compliance with any Environmental Laws; (ii) to the Company's knowledge, has been investigated or subjected to any Legal Proceeding for non-compliance with any Environmental Law; or (iii) is or has been subject to any Order or other sanction requiring investigation or remediation of any Leased Property.
- c) No Acquired Company has received any written notice and, to the knowledge of the Company, no facts exist which would reasonably be expected to give rise to any written notice, alleging that any Acquired Company is potentially responsible for any remedial or other corrective action or any work, repairs, construction or capital expenditures required by any Governmental Authority in connection with the a violation of any Environmental Laws with respect to the Business (including any real property previously owned, leased or used by an Acquired Company).
- d) To the knowledge of the Company, no underground or above-ground storage tanks are or have been located on any Leased Property or real property previously owned, leased, occupied or used by any Acquired Company.

3.2.37 Insurance

- a) The Vendors' Disclosure Letter sets forth a description of all insurance policies maintained by each Acquired Company. True and complete copies of all such insurance policies have been made available to the Purchaser.

- b) The Vendors' Disclosure Letter sets forth a complete and accurate list of all pending claims under any Acquired Company's insurance policies as of a date not later than Fifteen (15) days prior to the Closing Date. No Acquired Company has failed to give any notice or present any claim known to it under any of those insurance policies in due and timely fashion. To the knowledge of the Company, no facts exist which would reasonably be expected to entitle any Acquired Company to make a claim under the insurance policies or which might be required under any of those insurance policies to be notified to the insurers and no claim under any of those insurance policies has been made by any Acquired Company since the date of the Audited Financial Statements.
- c) No written notice of cancellation or non-renewal with respect to, nor disallowance of any claim under, any insurance policy has been received by any Acquired Company. To the knowledge of the Company, no facts exist which would reasonably be expected to result in a material increase in premiums for the current insurance coverage maintained by any Acquired Company.

3.2.38 Legal Proceedings

There is no Legal Proceeding pending or, to the knowledge of the Company, threatened against any Acquired Company before or by any Tribunal. There is no Order outstanding against any Acquired Company.

3.2.39 Tax Matters

- a) Each Acquired Company has duly filed in the prescribed manner and within the prescribed time all Tax Returns required to be filed by it and such Tax Returns are correct and complete and each Acquired Company has made complete and accurate disclosure in those Tax Returns and in all materials accompanying those Tax Returns, except in respect of a particular Tax Return to the extent that it may have been modified in a subsequent Tax Return. Each Acquired Company has paid all Taxes due and payable, including all Taxes shown on those Tax Returns as being due and payable and all Taxes payable under any assessment or reassessment.
- b) The Financial Statements fully reflect accrued liabilities for all Taxes which are not yet due and payable and for which Tax Returns are not yet required to be filed. No examination of any Tax Return of any Acquired Company by a Governmental Authority is currently in progress. There is no Legal Proceeding, assessment, or request for information outstanding or, to the knowledge of the Company, threatened against the Company with respect to Taxes or any matters under discussion with any Governmental Authority relating to Taxes.
- c) No Acquired Company will be required to include any item of income in, or exclude any item of deduction from, taxable income for any Post-Closing Tax Period as a result of any: (i) change in method of accounting or use of an improper method of accounting for a Pre- Closing Tax Period; (ii) installment sale or open transaction disposition made on or before the Closing Date; (iii)

prepaid amount received on or before the Closing Date; (iv) election under Code Section 108(i); (v) inclusion under Code Section 965(a); (vi) election under Code Sections 965(h) or 965(i) or (vii) any election under the Tax Act or any other applicable Tax Legislation.

- d) There are no Liens for Taxes (other than Permitted Liens) upon any assets of any Acquired Company nor to the knowledge of the Company, are any such Liens pending or threatened.
- e) There are no agreements, waivers or other arrangements providing for an extension of time with respect to any assessment of Tax, filing of any Tax Return, payment of any Tax, or of any statute of limitations with respect to Taxes by any Acquired Company. There are no powers of attorney granted by any Acquired Company concerning any Tax matter or agreements entered into with any Governmental Authority that would have a continuing effect on any Acquired Company after the Closing Date. No Acquired Company has received any letter ruling from the Internal Revenue Service or comparable ruling from any other Governmental Authority related to Tax matters that would have a continuing effect on the Company after the Closing Date.
- f) No Acquired Company is party to any Tax sharing, allocation, indemnification or similar agreement or arrangement. The Company does not have liability for the Taxes of any person under Treasury Regulations Section 1.1502-6 or any similar provision of any other Tax Legislation, as a transferee or successor, by contract, or otherwise.
- g) Each Acquired Company has withheld and paid all Taxes required to have been withheld and paid by it in connection with any amounts paid or owing to any Employee, independent contractor, creditor, owner or any other person, under any applicable Tax Legislation, and all Forms W-2 and 1099 (or similar forms in other jurisdictions under applicable Tax Legislation) required with respect thereto have been properly completed and timely filed.
- h) No Acquired Company has participated, within the meaning of Treasury Regulations Section 1.6011-4(c), in any: (i) "**reportable transaction**" within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulations Section 1.6011-4(b)(1); (ii) "**tax shelter**" within the meaning of Section 6662(d)(2)(C)(ii); (iii) "**confidential corporate tax shelter**" within the meaning of Section 6111 of the Code and the Treasury Regulations thereunder Section 301.6111-2(a)(2); or (iv) "**potentially abusive tax shelter**" within the meaning of Section 6112 of the Code and the Treasury Regulations thereunder.
- i) Each Acquired Company has: (i) properly collected all sales and excise Taxes required to be collected in the time and manner required by any applicable Tax Legislation and remitted all such sales and excise Taxes (and use Taxes due and payable) to the applicable Governmental Authority in the time and in the manner required by any applicable Tax Legislation; (ii) returned all sales and excise Taxes erroneously collected from any Person to such Person (or, if such

Person cannot be located or is no longer in business, remitted such sales Tax to the appropriate Governmental Authority) in the time and in the manner required by any applicable Tax Legislation; and (iii) collected and maintained all resale certificates and other documentation required to qualify for any exemption from the collection of sales Taxes.

- j) The Company has not held any "United States real property interest" within the meaning of Code Section 897(c)(1) during the applicable period specified in Code Section 897(c)(1)(A)(ii).
- k) The Purchaser has provided copies of all Tax Returns for all financial periods for which the relevant limitation period in any Tax Legislation has not expired, all elections, designations, undertakings, notices of determination of loss, all working papers, calculations, and schedules of the Company relating thereto, together with all communications relating thereto from any Governmental Authority under that Tax Legislation, and the response, if any, of any Acquired Company to that communication. The Company has made available to the Purchaser true and complete copies of all Contracts, minutes, and any other documents relating to any transaction with any Person who does not deal at arm's-length (within the meaning of Tax Legislation and of Code Section 482 and the Treasury Regulations promulgated thereunder) with the Company, which has occurred in any taxation year that remains open for reassessment.

3.2.40 Personal Information

In connection with its collection, storage, transfer and/or use of any Personal Information, each Acquired Company is in compliance with all applicable Laws, the Company's privacy policies and the requirements of any contract or codes of conduct to which the Company is a party. To the knowledge of the Company, no misuse or misappropriation of Personal Information has occurred in respect of the Business. No Acquired Company has received any written claims of any misuse or, misappropriation of Personal Information in respect of the operations of the Business that have not been resolved.

3.2.41 No Broker

Each Acquired Company has carried on all negotiations relating to this Agreement and the transactions contemplated by this Agreement without intervention on its behalf in such a manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the Purchaser or any Acquired Company.

3.3 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Vendors on the date of this Agreement and immediately prior to the Closing Time, as follows:

3.3.1 Incorporation and Qualification of the Purchaser

The Purchaser is a corporation duly organized and validly existing in good standing under the

laws of Alberta and has all requisite power and authority to own or lease its properties and to conduct its business as it is now being conducted, and to purchase the Purchased Shares from the Vendors and to enter into and perform its obligations under this Agreement and each of the other Transaction Documents to which it is or is to become a party. The Purchaser is duly licensed or qualified and (where applicable) in good standing as a foreign corporation in each jurisdiction in which the ownership of its property or the character of its activities is such as to require it to be so licensed or qualified or in good standing, as applicable, except where the failure to be so licensed or qualified would not have a Material Adverse Effect on the Purchaser.

3.3.2 Authorization of Purchase

The execution and delivery of, and performance by the Purchaser of, this Agreement, the Transaction Documents and the completion of the transactions contemplated by them have been duly authorized by all necessary corporate action on behalf of the Purchaser, other than the Purchaser Shareholder Approval. The execution and delivery of this Agreement by the Purchaser and the consummation by it of the transactions contemplated hereby have been duly and validly authorized and approved by the Board of Directors (or equivalent governing body) of the Purchaser, and no other organizational proceeding on the part of the Purchaser is necessary to authorize this Agreement, other than the Purchaser Shareholder Approval. This Agreement has been duly and validly executed and delivered by the Purchaser and (assuming this Agreement constitutes a legal, valid and binding obligation of the other Parties hereto) constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms.

3.3.3 Validity of Agreement

This Agreement and the other Transaction Documents to which the Purchaser is or is to become a party have been or will be duly executed and delivered by the Purchaser and are or will be legal, valid and binding obligations of the Purchaser, enforceable against it in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency and other Laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

3.3.4 Capitalization of the Purchaser

The authorized capital stock of the Purchaser consists of an unlimited number of common shares and an unlimited number of preferred shares of which, as of December 31, 2019, 169,909,330 common shares and nil preferred shares are issued and outstanding. All of the issued and outstanding common shares have been duly authorized and validly issued and are fully paid and non-assessable, and were issued in compliance with all applicable Laws and are not subject to and were not issued in violation of any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of applicable Law, the constating documents of the Purchaser or any Contract to which the Purchaser is a party or otherwise bound.

3.3.5 Regulatory Approvals

Other than the Purchaser Shareholder Approval, any required approvals of the Exchange and

various filings required pursuant to applicable securities Law, no consent, approval or authorization of, or designation, declaration or filing with, any Governmental Authority is required on the part of the Purchaser with respect to the Purchaser's execution or delivery of this Agreement or the consummation by the Purchaser of the transactions contemplated hereby.

3.3.6 Required Consents

There is no requirement on the part of the Purchaser to obtain any Consent, other than the Purchaser Shareholder Approval, in connection with the performance of its obligations under this Agreement in order to maintain all rights and benefits of the Purchaser under any material Contracts of the Purchaser, Order or License after Closing, except where the failure to obtain such consent would not reasonably be expected to result in a Material Adverse Effect on the Purchaser.

3.3.7 Compliance with Applicable Laws

The Purchaser conducts its business and operates and maintains its properties and assets used in its business in material compliance with applicable Laws except to the extent where failure to comply would not reasonably be expected to have a Material Adverse Effect on the Purchaser. The Purchaser has not received any written notice of any alleged violation of any applicable Law from any Governmental Authority that has not been remedied or rectified or which is currently being disputed by the Purchaser. To the knowledge of the Purchaser, there are no facts that would reasonably be expected to result in a notice of non-compliance from a Governmental Authority. The Purchaser is not aware of any legislation, or proposed legislation published by any Governmental Authority which it anticipates will have a Material Adverse Effect on the Purchaser.

3.3.8 No Conflicts

The execution and delivery of and performance by the Purchaser of this Agreement and each of the other Transaction Documents to which it is or is to become a party do not and will not (with or without the giving of notice, the lapse of time or the happening of any other event or condition):

- a) result in the violation or breach of, conflict with or default under, or allow any Person to exercise any rights under, or cause the Purchaser to be bound by any additional or more onerous obligation under, any of the terms or provisions of:
 - (i) the articles of incorporation, by-laws or any resolutions of the board of directors or shareholders of the Purchaser; or
 - (ii) any Contract to which the Purchaser is a party or under which it has rights or obligations; or
- b) result in the violation or breach of, conflict with or default under any applicable Laws.

3.3.9 Due Authorization

The Consideration Shares issued in accordance with this Agreement, and any Deferred Shares issuable hereunder if and when issued, shall be issued as duly authorized, validly issued, fully paid and non-assessable shares in the capital of the Purchaser, and shall not be issued in violation of any right of first refusal, preemptive right, subscription right or any similar right under any provision of applicable Law.

3.3.10 Reporting Issuer; Securities Law Matters

The Purchaser is a reporting issuer or the equivalent in good standing in the provinces of British Columbia, Alberta and Ontario and is in compliance in all material respects with its continuous and timely disclosure obligations under Canadian securities Laws and the rules and regulations of the Exchange and has filed all documents required to be filed by it with the Canadian securities regulatory authorities under applicable Canadian securities Laws and no document has been filed on a confidential basis with any Canadian securities regulatory authority that remains confidential as of the date hereof.

3.3.11 BMM Shares

On the Closing Date, the Purchaser shall transfer to the Vendors good title to the BMM Shares, free and clear of all Liens (other than any applicable hold periods under securities Law). If and when the BMM Deferred Shares are payable under this Agreement, the Purchaser shall transfer the BMM Deferred Shares to the Vendors free and clear of all Liens. The Purchaser has no knowledge of any material non-public information related to BMM or the business of BMM other than the transactions contemplated by this Agreement. The Purchaser has not made any unusual efforts to prepare the market or create a demand for the BMM Shares. No extraordinary commission or consideration is being paid in respect of the transfer of the BMM Shares. The Purchaser has no reasonable ground to believe that BMM is in default of any applicable securities Laws.

3.4 Representations and Warranties of the Initial Vendors

Each Initial Vendor represents and warrants to the Purchaser, jointly and severally, as of the date of this Agreement and immediately prior to the Closing Time, that the Initial Vendors hold sufficient shares to bind the other Vendors to the transactions contemplated by this Agreement pursuant and have taken all necessary shareholder action to so bind the other Vendors.

ARTICLE 4 COVENANTS OF THE PARTIES

4.1 Interim Period Covenants of the Company and the Vendors

4.1.1 Investigations and Availability of Records

During the Interim Period, the Company shall permit the Purchaser's Advisors to have free and unrestricted access to the premises of the Company and the Company's property and assets, including access to the Books and Records, all Company Material Contracts and the senior

Employees of the Company, to make such investigations of the Business and the property and assets of the Company (including its legal, financial and tax condition and its compliance with applicable Laws) as the Purchaser deems reasonably necessary (acting in good faith), it being understood that those investigations will be carried out during normal business hours and without undue interference with the operations of the Company, and the Company shall cooperate fully in facilitating those investigations and furnish copies of all documents and materials relating to those matters as may be reasonably requested by or on behalf of the Purchaser.

4.1.2 Conduct of the Business of the Company

- a) During the Interim Period, except as set forth on the Vendors' Disclosure Letter, the Company will, and will cause each other Acquired Company to, conduct its Business in the ordinary course, consistent with past practice. Without limiting the generality of the foregoing, unless otherwise contemplated by the provisions of this Agreement, the Company will, and will cause each other Acquired Company to, in each case, except to the extent the failure to take such action would reasonably be expected to result in a Material Adverse Effect on the Company:
 - (i) carry on its Business in compliance with applicable Laws and perform its obligations under all Contracts, Orders and Licenses;
 - (ii) preserve its Business and the goodwill of suppliers, customers and others having business relations with any Acquired Company;
 - (iii) retain the services of the present executives, Employees, consultants and advisors of or to any Acquired Company;
 - (iv) retain possession and control of the assets of each Acquired Company and preserve the confidentiality of any confidential or proprietary information of each Acquired Company or the Business;
 - (v) maintain in full force and effect each Acquired Company Material Contracts;
 - (vi) maintain in full force and effect each Acquired Company's rights in the Company's Intellectual and Industrial Property;
 - (vii) maintain in full force and effect all policies of insurance maintained by or for the benefit of each Acquired Company and give all notices and present claims under those policies in a timely fashion;
 - (viii) pay, satisfy and discharge each Acquired Company's obligations and liabilities; and
 - (ix) make all reasonable efforts to not cause or permit to exist a breach of any representations and warranties of the Company contained in this Agreement or in any Closing Document or Transaction Document and to

conduct the Business in such a manner that at the Closing Time those representations and warranties will be true and correct as if they were made at and as of that time.

- b) During the Interim Period, except as set forth on the Vendors' Disclosure Letter, the Company will not, and will cause each other Acquired Company to not, unless otherwise contemplated by the provisions of this Agreement or to the extent such action would reasonably be expected to result in a Material Adverse Effect on the Company:
- (i) amend or restate its constating documents;
 - (ii) without prior notice to Purchaser, become a party to or bound by any new Contract with any Interested Person or amend or concur in the amendment of any such Contract or make or authorize any payment to or for the benefit of any Interested Person other than as may be required pursuant to an existing Contract or as contemplated by an existing policy or practice as to periodic review of Employee Benefit Plans;
 - (iii) without prior notice to Purchaser, make any capital expenditure or authorize any new capital expenditures in excess of USD\$500,000 in the aggregate;
 - (iv) become a party to or bound by any Contract with respect to Employee Benefits Plans or amend or concur in the amendment of or increase any payment or obligation under any Contract with respect to Employee Benefit Plans;
 - (v) take any step to dissolve, wind-up or otherwise affect its continuing corporate existence or amalgamate or merge with any Person;
 - (vi) make any loan to or investment in any other Person;
 - (vii) become a party to or bound by any Debt Instrument or amend or concur in the amendment of or prepay or vary the terms of any indebtedness or other obligation under any Debt Instrument;
 - (viii) become a party to or bound by any Guarantee;
 - (ix) purchase, sell or lease any property or assets other than in the ordinary course of business;
 - (x) cancel, waive or vary the terms of any material debt owing to or any claim or right of any Acquired Company;
 - (xi) authorize any increase in the number of shares or other securities or make any change in the number or class of or rights attached to any issued or unissued shares of its capital stock or grant, issue or make any

option, warrant, subscription, convertible security or other right or commitment to purchase or acquire any shares of its capital stock or other securities;

- (xii) issue any shares to any person that is not a Vendor; provided that notwithstanding anything else contained herein, it is agreed by the Vendors that if any additional shares are issued the total amount of Purchase Price payable hereunder by the Purchaser will not change;
- (xiii) incur any obligation or liability except in the ordinary course of business or make, authorize or accept any early payment of any existing obligation or liability;
- (xiv) create or permit the creation of any new Lien on any of its property or assets (except for any Permitted Lien) or amend or concur in the amendment of any existing Lien (except for Permitted Liens);
- (xv) terminate, transfer or modify, or grant any rights under, the Company's Intellectual and Industrial Property Rights;
- (xvi) change or alter the physical content or character of any inventories of its Business;
- (xvii) refrain from taking any reasonable action that would prevent any of the Company's representations and warranties under this Agreement or any other Transaction Document from becoming not true and correct at the Closing Time; and
- (xviii) agree or become bound to do any of the foregoing.

4.1.3 Tax Matters

During the Interim Period, the Company will, and will cause each other Acquired Company, to:

- a) duly pay, within the prescribed time, all Taxes that become due and payable by it on or before the Closing Date other than such Taxes that an Acquired Company is contesting in good faith;
- b) make adequate provision in the Financial Statements for the Taxes that relate to any period ending on or before the Closing Date (including as a consequence of the Closing) but that are not yet due and payable and for which Tax Returns are not yet required to be filed;
- c) withhold from each payment made by any Acquired Company the amount of all Taxes and other deductions required under any applicable Tax Legislation to be withheld therefrom and pays all those amounts to the relevant Governmental Authority within the time prescribed under any applicable Tax Legislation;
- d) refrain from entering into any arrangements to provide for an extension of time

with respect to any assessment or reassessment of Tax, the filing of any Tax Return or the payment of any Tax by any Acquired Company, without the prior written consent of the Purchaser, not to be unreasonably withheld; and

- e) except as may be required by GAAP or applicable Laws, not make any material change in the Tax, financial or accounting policies or practices applied in the preparation of the Financial Statements, including any material change in credit, collection or payment policies, procedures or practices or the method of determining reserves.

4.1.4 Cooperation in Financings and Purchaser Shareholder Meeting

During the Interim Period, the Company will use commercially reasonable efforts to assist the Purchaser in (i) any financing activities of the Purchaser as may be reasonably requested by the Purchaser, including without limitation the Offering and (ii) any activities of the Purchaser related to the Purchaser Shareholder Meeting, including in either case providing access to management and Company information and assistance with preparation of materials and documents, including the Circular; provided, however, that the costs and expenses incurred by the Company in providing such assistance shall be reimbursed, in full, by the Purchaser.

4.1.5 Exclusivity

During the Interim Period, the Vendors shall not, and shall cause each Acquired Company not to, directly or indirectly, solicit, initiate or encourage any inquiries or proposals from, discuss or negotiate with, provide any non-public information to, or consider the merits of any inquiries or proposals from, any Person (other than Purchaser) relating to any transaction involving the sale of any shares in the capital of any Acquired Corporation or the sale or other direct or indirect (including by way of amalgamation, merger or license) disposition of all or substantially all of the Business or any part of the Assets of any Acquired Corporation other than sales of inventory in the ordinary course of business (each, a "**Company Acquisition Proposal**"). Without limiting the generality of the foregoing, if any Vendor, Acquired Corporation or any of their Affiliates, employees, officers, directors, representatives, agents or mandataries receives, or becomes aware of, any inquiries or proposal relating to any Company Acquisition Proposal then, no later than one (1) day after such receipt or becoming aware thereof, the Vendors' Representative or the Company, as applicable, shall notify Purchaser in writing of such Company Acquisition Proposal and of any further developments with respect to such Company Acquisition Proposal. Such notification will disclose the identity of the offeror and reasonable detail regarding the terms and conditions of such Company Acquisition Proposal and shall be accompanied with any written communication received relating to such Company Acquisition Proposal.

4.1.6 Vendors' Disclosure Letter

The Company and the Vendors' Representative shall use commercially reasonable efforts to update any information on the Vendors' Disclosure Letter to make it complete and accurate in all respects as of the date of this Agreement and the date of any such updates on or before the date that is Thirty (30) days prior to the end of the Verification Period.

4.1.7 Initial Vendors Covenants

Prior to the end of the Verification Period, the Initial Vendors shall use commercially reasonable efforts to cause each other shareholder of the Company that is not a Vendor as of the date hereof to execute any reasonable agreements or documents requested by the Purchaser in further of the transactions contemplated by this Agreement.

4.2 Interim Period Covenants of the Purchaser

4.2.1 Investigations

During the Verification Period, the Purchaser shall permit the Initial Vendors' Advisors to have reasonable access to the Purchaser to make such investigations of the Purchaser's business and the property and assets of the Purchaser (including its legal, financial and tax condition and its compliance with applicable Laws) as the Company and/or Initial Vendors deem reasonably necessary (acting in good faith), it being understood that those investigations will be carried out during normal business hours and without undue interference with the operations of the Purchaser, and the Purchaser shall co-operate fully in facilitating those investigations and furnish copies of all documents and materials relating to those matters as may be reasonably requested by or on behalf of the Initial Vendors.

4.2.2 Contact with Customers and Vendors

During the Interim Period, the Purchaser will not and will cause its Affiliates and Representatives not to, contact or communicate with the Employees, customers, vendors or suppliers of the Company or any Company Affiliate, or any other Persons having a business relationship with the Company or any Company Affiliate without the prior written consent of the Company.

4.2.3 Conduct of the Business

- a) During the Interim Period, the Purchaser will and will cause its Affiliates and Representatives to: (i) operate its businesses in the ordinary course and substantially in accordance with past practice; (ii) preserve and protect its business organization and employment relationships; and (iii) maintain its material assets, properties, Books and Records consistent with its past practice; Without limiting the generality of the foregoing, except as consented to by the Company in writing the Purchaser will not:
 - (i) change or amend its constating documents;
 - (ii) split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock or any of its other securities; or
 - (iii) enter into any agreement, or otherwise become obligated, to do any action prohibited under this Section 4.2.3.

4.2.4 Purchaser Shareholder Meeting

The Purchaser shall:

- a) set the record date for the Shareholders entitled to vote at the Purchaser Shareholder Meeting reasonably promptly following the date hereof;
- b) convene and hold the Purchaser Shareholder Meeting in accordance with the Purchaser's constating documents and applicable Law for the purpose of considering the resolution for the Purchaser Shareholder Approval and use commercially reasonable efforts to cause the Purchaser Shareholder Meeting to be held as soon as reasonably practicable but in any event not later than October 31, 2020;
- c) allow the Company's Representatives, the Initial Vendors and legal counsel to attend the Purchaser Shareholder Meeting; and
- d) advise the Company and the Initial Vendors as it may reasonably request, as to the aggregate tally of the proxies received by the Purchaser in respect of the resolution for the Purchaser Shareholder Approval.

4.2.5 Information Circular

- a) Promptly after the date of this Agreement, the Purchaser shall prepare the Circular, together with any other documents required by applicable Law in connection with the Purchaser Shareholder Meeting and shall use commercially reasonable efforts to cause the Circular and all other documentation required in connection with the Purchaser Shareholder Meeting to be sent to each of the Shareholders and any other Person as required by applicable Law and the Purchaser's constating documents.
- b) The Purchaser shall ensure that the Circular complies in all material respects with applicable Law and provides the Shareholders with sufficient information to permit them to form a reasoned judgement concerning the matters to be placed before the Purchaser Shareholder Meeting.

4.2.6 Approvals

The Purchaser shall promptly seek and obtain any and all licenses, permits, special use permits, privileged licenses (including but not limited to Canadian Gaming Licenses) as may be necessary for the Purchaser to own, control and operate the Business of any Acquired Company, and shall use the Purchaser's best efforts, professionalism and diligence in seeking and obtaining such licenses, permits, special use permits and privileged licenses.

4.3 Joint Interim Period Covenants

4.3.1 Actions to Satisfy Closing Conditions

During the Interim Period, each Party hereto shall take all such actions as are within his, her or

its power to control, and use his, her or its reasonable efforts to cause other actions to be taken which are not within his, her or its power to control, to ensure compliance with all of the conditions set out in ARTICLE 5, including ensuring that during the Interim Period and at the Closing Time, there is no breach of any of his, her or its representations and warranties hereunder.

4.3.2 Confidentiality

- a) During the Interim Period, each Party shall keep confidential any and all trade secrets, know-how or confidential, personal or proprietary information (including Personal Information) and any financial or business documents or information (collectively, the "**Information**") received by it from any other Party, and the receiving Party shall not disclose any Information to any third party, it being understood that any Party may disclose Information to such Party's Advisors; provided, however, that such Party shall use his, her or its best efforts to ensure that such Advisors keep confidential any Information disclosed to them. A Party will not be liable for disclosure of any Information if:
 - (i) the Information becomes generally known in the industry to which the Business is related or to the public generally other than through a breach of this Agreement;
 - (ii) the Information is lawfully obtained from a third party without breach of this Agreement by that Party;
 - (iii) in the case of the Purchaser only, the Information was known to the Purchaser prior to its disclosure by a Vendor or the Company;
 - (iv) subject to Section b), the Information is required to be disclosed under applicable Laws or on the advice of such Party's legal counsel;
 - (v) any Information required to be disclosed by the Purchaser pursuant to its disclosure obligations under applicable securities Law;
 - (vi) in respect of Information that is not Personal Information, the disclosing Party provided its prior written consent to the disclosure of that Information; or
 - (vii) in respect of Information that is Personal Information, the individual(s) to whom that Personal Information pertains consented to the disclosure of that Personal Information.
- b) If a Party or any of its Representatives is requested or required by applicable Laws to disclose any Information, that Party shall, without unreasonable delay, notify the other Parties of the request or requirement before any disclosure is made and provide the other Party with a reasonable opportunity to seek an appropriate protective order.
- c) If this Agreement is terminated in accordance with its provisions or if the

transactions contemplated by this Agreement are not completed, each Party shall:

- (i) use its best efforts to ensure that all Information provided to it and all copies thereof are either destroyed or returned to the other Party if the other Party so requests so that, so far as possible, no Information is disseminated beyond those persons concerned with the subject matter of this Agreement; and
- (ii) not, directly or indirectly, use for its own purposes, any Information disclosed under this Agreement for a period of Three (3) years from the date of such termination.

4.3.3 Regulatory Approvals

During the Interim Period, each Party (other than the Vendors' Representative), as promptly as practicable after the date of this Agreement, shall make all reasonable efforts to obtain, at or prior to the Closing Time, all Regulatory Approvals, and shall, in the prescribed manner and within the prescribed time, make all other filings with and give all other notices to any Governmental Authority that are required in connection with the lawful completion of the transactions contemplated by this Agreement or to maintain all rights and benefits of the Company or the Purchaser under any Contract, Order or License after Closing. The Parties shall co-operate fully in good faith with each other and their respective Representatives for the purposes of those Regulatory Approvals, filings and notifications, and each Party shall bear its own costs, including filing fees and professional fees, in connection with such Party's compliance with this Section.

4.3.4 Notification of Certain Matters

- a) During the Interim Period, each Party will promptly notify the other Parties in writing of (i) the occurrence or non-occurrence of any event or the existence of any fact or condition that would cause any condition set forth in ARTICLE 5 to not be satisfied, (ii) any material Legal Proceedings in connection with the transactions contemplated by this Agreement commenced or, to the knowledge of such Party, threatened against any Party, or (iii) any written notice or other written material communication from any Governmental Authority in connection with the transactions contemplated hereby.
- b) During the Interim Period, each Party hereto shall promptly notify the other Parties hereto in writing upon any representation or warranty made by it contained in this Agreement or any Transaction Document becoming untrue or incorrect. Any such notification will set out particulars of the untrue or incorrect representation or warranty and details of any actions being taken by such Party to rectify the matter, including amending the Vendors' Disclosure Letter, if and as applicable.

4.3.5 Purchaser's Verification Letter

Within Two (2) days of the date hereof, the Purchaser will deliver the Purchaser's Verification

Letter to the Company and the Vendors' Representative. The Company and the Vendors' Representative will use commercially reasonable efforts to fulfill all of the outstanding information requests set forth in the Purchaser's Verification Letter as soon as practicable and in any event on or before Thirty (30) days prior to the end of the Verification Period.

4.4 Post-Closing Covenants of the Purchaser

4.4.1 Retention of Books and Records

The Purchaser shall cause the Company to retain all Books and Records, ledgers, files, reports, plans, operating records and any other material documents pertaining to the Company and its operations existence at the Closing that are required to be retained under current retention policies for a period of Seven (7) years from the Closing Date, and to make the same available after the Closing for inspection and copying by the Vendors' Representative or its Representatives at the Vendors' Representative's expense, during regular business hours and upon reasonable request and upon reasonable advance notice.

4.5 Joint Post-Closing Covenants

From and after the Closing Time, each Party hereby covenants as set out in this [Section 4.5](#).

4.5.1 Tax Matters

- a) The Company shall prepare or caused to be prepared and file or cause to be filed all Tax Returns of the Company for all Pre-Closing Tax Periods that are required to be filed after the Closing Date. Such Tax Returns shall be prepared on a basis consistent with past practices of the Company except to the extent otherwise required by applicable Tax Legislation. No later than Thirty (30) days prior to the due date for filing each such Tax Return, the Company shall deliver or shall cause to be delivered a copy of such Tax Return, together with all supporting documentation and workpapers, to the Purchaser for its review and comment. The Company shall consider all reasonable comments provided by the Purchaser. The Company will cause such Tax Return to be timely filed, will provide a copy to the Purchaser and will directly pay all Taxes shown as due on such Tax Return.
- b) Taxes for a Straddle Period shall be allocated between the Pre-Closing Tax Period and the Post-Closing Tax Period: (i) ratably based on the number of days in the Straddle Period if they are imposed on a periodic basis; and (ii) based on an interim closing of the books if they are based upon or related to income or receipts.
- c) The Parties shall cooperate fully, as and to the extent reasonably requested, in connection with the filing of Tax Returns and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon request) the provision of records and information that are reasonably relevant to the filing of such Tax Returns and any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided

hereunder.

4.5.2 Further Assurances

Each Party agrees that, from time to time after the Closing Date, it will furnish, or cause to be furnished, upon request to each other such further information, execute and deliver, or cause its Affiliates to execute and deliver, such further instruments, and take (or cause its Affiliates to take) such other action, as may be reasonably necessary to carry out the purposes and intents of this Agreement and the transactions contemplated herein.

4.5.3 Transaction Costs

The Vendors hereby agree that all Transaction Costs remaining unpaid at Closing shall be to the account of the Vendors and the Purchaser shall be entitled to set off any Transaction Costs paid by the Company, to the extent not included in the Purchase Price adjustments set out in ARTICLE 2, against any amounts payable to the Vendors hereunder.

ARTICLE 5 CONDITIONS OF CLOSING

5.1 Conditions for the Benefit of the Purchaser

The Closing is subject to the satisfaction of, or compliance with, at or before the Closing Time, each of the conditions in this Section 5.1, each of which is for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in its sole discretion.

5.1.1 Representations, Warranties and Covenants of the Vendors and the Company

- a) All representations and warranties of the Vendors contained in this Agreement will have been true and correct in all material respects on the date of this Agreement and at the Closing Time with the same force and effect as if those representations and warranties had been made at and as of that time. The Initial Vendors or Vendors' Representative will have performed or complied with all obligations and covenants contained in this Agreement or in any Transaction Document to be performed or complied with by them at or prior to the Closing Time. The Closing will not constitute a waiver (in whole or in part) by the Purchaser of, any of the representations, warranties covenants or obligations of the Vendors or Vendors' Representative contained in this Agreement or in any Transaction Document.
- b) All representations and warranties of the Company contained in this Agreement will have been true and correct (unless qualified by materiality or Material Adverse Effect, in which case they shall be true and correct in all respects) on the date of this Agreement and at the Closing Time with the same force and effect as if those representations and warranties had been made at and as of that time and the Company will have delivered and executed a certificate of a senior officer of the Company to that effect. The Company will have performed or complied with all obligations and covenants contained in this Agreement or in

any Transaction Document to be performed or complied with by them at or prior to the Closing Time and the Company and the Company will have executed and delivered a certificate of a senior officer of the Company to that effect. The Closing will not constitute a waiver (in whole or in part) by the Purchaser of any of the representations, warranties covenants or obligations of the Company contained in this Agreement or in any Transaction Document.

5.1.2 Deliveries of the Vendors, the Vendors' Representative and the Company

At the Closing Time, the Vendors, the Initial Vendors and the Company, as the case may be, will have delivered to the Purchaser the following in form and substance reasonably satisfactory to the Purchaser:

- a) the share certificates representing the Purchased Shares, if such shares are certificated, and evidence that all necessary steps and proceedings to permit the Purchased Shares to be transferred to the Purchaser or its nominee(s) have been taken, whether such shares are certificated or not;
- b) evidence of termination of all existing stockholder agreements, investor rights agreements, and any and all other existing voting agreements, proxies and similar documents to which any Vendor and/or the Company is a party with respect to the Purchased Shares;
- c) an executed counterpart of an employment agreement or consulting agreement between the Purchaser (or its designee) and Kurt Sullivan with an annual compensation of USD\$200,000, in a form to be reasonably agreed between the Purchaser and Kurt Sullivan prior to the end of the Verification Period; and
- d) all other documentation and evidence reasonably requested by the Purchaser in order to establish the due authorization and completion of and effectively implement the transactions contemplated by this Agreement and the availability of any registration or prospectus exemptions under applicable securities Law.

5.1.3 Deliveries of the Company

At the Closing Time, the Company will have delivered to the Purchaser the following in form and substance reasonably satisfactory to the Purchaser:

- a) the certificate referenced in Section 5.1.1b);
- b) copies of the following, in each case, certified by a senior officer of the Company: (A) the constating documents of each Acquired Company, (B) duly adopted resolutions of the board of directors and shareholders of the Company authorizing the execution and delivery of this Agreement and the other Transaction Documents and the performance of its obligations hereunder and thereunder and (C) a list of the directors and officers authorized to sign agreements together with their specimen signatures;

- c) a certificate of status, compliance, good standing, like certificate or any other similar document with respect to each Acquired Company issued by the appropriate Governmental Authority in its jurisdiction of incorporation and each jurisdiction in which each Acquired Company carries on its Business as identified in the Vendors' Disclosure Letter;
- d) duly executed resignations effective at the Closing Time of each director and officer of each Acquired Company specified by the Purchaser in writing at least Two (2) days prior to the Closing Date, which resignations shall include a release of claims against the applicable Acquired Company in form reasonably acceptable to the Purchaser;
- e) evidence of termination of all existing stockholder agreements, investor rights agreements, and any and all other existing voting agreements, proxies and similar documents to which the Company is a party with respect to the Purchased Shares; and
- f) all other documentation and evidence reasonably requested by the Purchaser in order to establish the due authorization and completion of and effectively implement the transactions contemplated by this Agreement.

5.1.4 No Material Adverse Change or Effect

Since the date of this Agreement, there will have been no Material Adverse Effect with respect to the Company.

5.1.5 Regulatory Approvals

The Company will have made all filings with Governmental Authorities and delivered all notifications to Governmental Authorities. The Purchaser shall have received all necessary approvals required of any Governmental Authorities (including the Exchange) to consummate the transactions contemplated by this Agreement and as may be necessary for the Purchaser to maintain uninterrupted the operation of the Business.

5.1.6 No Legal Proceedings

No Order will have been made and no Legal Proceeding will have been commenced against the Purchaser, the Vendors or any Acquired Company: (i) for the purpose of enjoining, restricting or prohibiting the completion of the transactions contemplated by this Agreement; or (ii) the possible outcome of which would prohibit or restrict any Acquired Company from carrying on its Business in the ordinary course after Closing.

5.1.7 Offering

The Purchaser shall have consummated the Offering (or shall consummate the Offering substantially concurrently with the Closing) resulting in gross proceeds of at least CAD\$5,000,000.

5.1.8 Purchaser Shareholder Approval

The Purchaser shall have received the Purchaser Shareholder Approval.

5.2 Conditions for the Benefit of the Vendors and the Company

The Closing is subject to the satisfaction of, or compliance with, at or before the Closing Time, each of the conditions in this Section 5.2, each of which is for the exclusive benefit of the Vendors and the Company and may be waived, in whole or in part, by the Company in its sole discretion.

5.2.1 Representations, Warranties and Covenants of the Purchaser

- a) All representations and warranties of the Purchaser contained in this Agreement will have been true and correct (unless qualified by materiality or Material Adverse Effect, in which case they shall be true and correct in all respects) on the date of this Agreement and at the Closing Time with the same force and effect as if those representations and warranties had been made at and as of that time, and the Purchaser will have executed and delivered a certificate of a senior officer of the Purchaser to that effect. The Closing will not constitute a waiver (in whole or in part) by the Vendors, Vendors' Representative or the Company of any of the representations and warranties of the Purchaser contained in this Agreement or in any Transaction Document.
- b) The Purchaser will have performed or complied with, all obligations and covenants contained in this Agreement or in any Transaction Document to be performed or complied with by it at or prior to the Closing Time and the Purchaser will have executed and delivered a certificate of a senior officer of the Purchaser to that effect. The Closing will not constitute a waiver (in whole or in part) by the Vendors, Vendors' Representative or the Company of any of the covenants or obligations of the Purchaser contained in this Agreement or in any Transaction Document.

5.2.2 Deliveries of the Purchaser

At the Closing Time, the Purchaser will have delivered to the Vendors' Representative and the Company the following in form and substance reasonably satisfactory to the Vendors and Vendors' Representative:

- a) the Purchase Price, delivered as contemplated in Section 2.4, including confirmation of issuance of share certificates or DRS advice by email of the Consideration Shares and confirmation of transfer of the BAMB Shares;
- b) the certificates referenced in Sections 5.2.1a) and 5.2.1b);
- c) (i) a copy of the articles of incorporation of the Purchaser, certified by the issuing Governmental Agency, and (ii) copies of the following, in each case, certified by a senior officer of the Purchaser: (A) the by-laws of the Purchaser, (B) duly adopted resolutions of the board of directors of the Purchaser authorizing the execution and delivery of this Agreement and the other

Transaction Documents to which it is a party and the performance of its obligations hereunder and thereunder; and (C) a list of the directors and officers authorized to sign agreements together with their specimen signatures;

- d) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser, issued by the appropriate Governmental Authority in its jurisdiction of incorporation and each jurisdiction in which the Purchaser carries on its business;
- e) executed counterparts of the agreement set out in Section 5.1.2c), signed by the Purchaser (or its designee);
- f) if the Purchaser is transferring the Bellingham Property to the Vendors' Representative and/or the Las Vegas Property to Wyvern, the documents required by Section 5.2.5; and
- g) all other documentation and evidence reasonably requested by the Vendors or Vendors' Representative in order to establish the due authorization and completion of and effectively implement the transactions contemplated by this Agreement and the other Transaction Documents.

5.2.3 No Material Adverse Change or Effect

Since the date of this Agreement, there will have been no Material Adverse Effect on the Purchaser.

5.2.4 No Legal Proceedings

No Order will have been made and no Legal Proceeding will have been commenced against the Company, the Vendors or the Company: (i) for the purpose of enjoining, restricting or prohibiting the completion of the transactions contemplated by this Agreement; or (ii) the possible outcome of which would prohibit or restrict the Company from carrying on its Business in the ordinary course after Closing.

5.2.5 Real Estate

If the Purchaser is transferring the Bellingham Property to the Vendors' Representative and/or the Las Vegas Property to Wyvern, then the Purchaser shall deliver such reasonable and customary deeds and other documents as are required to transfer good or insurable title to the Vendors' Representative, Wyvern or their respective designees and enter into any reasonable and customary escrow arrangements in order to facilitate such transfer and recording thereof.

5.3 Waiver of Conditions

The Purchaser may waive, in whole or in part, at any time by notice in writing to the Company and the Vendors' Representative any right or condition in ARTICLE 5, which is for its benefit. The Vendors' Representative, on behalf of itself and the Vendors, may waive, in whole or in part, at any time by notice in writing to the Purchaser and the Company any right or condition in ARTICLE 5 which is for such Vendors' benefit. The Company may waive, in whole or in part, at any time by notice in writing to the

Vendors' Representative and the Purchaser any right or condition in ARTICLE 5, which is for its benefit.

5.4 Damage or Expropriation

If, prior to the Closing Time, all or any material part of the property or assets of the Company are destroyed or materially damaged by fire or any other hazard or are expropriated or seized by any Governmental Authority, the Purchaser will have the option, exercisable by notice in writing to the Initial Vendors and the Company given prior to the Closing Date:

- a) (in response to expropriation or seizure of all or any material part of the property or assets of the Company by any Government Authority only) to not complete the transactions contemplated by this Agreement, in which case the Agreement will terminate immediately upon the Purchaser giving notice as required under this Section 5.4, except that each Party's respective obligations under Sections 4.3.2, 9.2 and 9.4 will continue indefinitely;
- b) complete the transactions contemplated by this Agreement with a reduction of the Purchase Price by an amount equal to the cost of repair, or, if destroyed or damaged beyond repair, by an amount equal to the replacement cost of the property or assets so damaged or destroyed, after taking into account all proceeds of any insurance or compensation for that damage or destruction received by the Company; or
- c) to complete the transactions contemplated by this Agreement without a reduction of the Purchase Price, in which case all proceeds of any insurance or compensation for expropriation or seizure will be retained by the Purchaser.

ARTICLE 6 CLOSING ARRANGEMENTS

6.1 Date, Place and Time of Closing

The Closing will take place at the Closing Time at the offices of Edwards, Kenny & Bray LLP, 1900-1040 West Georgia Street, Vancouver, British Columbia V6E 4H3, or at such other place, on such other date and at such other time as may be agreed upon in writing by the Parties.

ARTICLE 7 TERMINATION

7.1 Termination Rights

- a) Subject to Section 7.2, this Agreement may be terminated by notice in writing given to the other Parties, at any time prior to the Closing:
 - (i) by the Purchaser if (A) any of the conditions in Section 5.1 have not been satisfied on or prior to the Outside Date, or if it becomes apparent that any such condition cannot be satisfied at or prior to the Outside Date, and the Purchaser has not waived that condition at or prior to the Outside Date or (B) there has been a material breach of this Agreement

by a Vendor or the Company that would give rise to a failure of any of the conditions specified in Section 5.1 and such breach has not been waived by the Purchaser or cured within Ten (10) Business Days by the Vendors or the Company, as applicable, following written notice of such breach by the Purchaser; and

(ii) by the Initial Vendors if (A) the Purchaser Shareholder Approval has not been obtained by the Outside Date; (B) the Offering has not been consummated by the Outside Date; (C) the Purchaser has not obtained the required Canadian Gaming Licenses (or consents to assume the Acquired Company's Canadian Gaming Licenses) by the Outside Date; (D) any of the conditions in Section 5.2 have not been satisfied on or prior to the Outside Date, or if it becomes apparent that any such condition cannot be satisfied on or prior to the Outside Date, and the Company has not waived that condition on or prior to the Outside Date or (E) there has been a material breach of this Agreement by the Purchaser that would give rise to a failure of any of the conditions specified in Section 5.2 and such breach has not been waived by the Vendors' Representative or cured within Ten (10) Business Days by the Purchaser, following written notice of such breach by the Vendors' Representative.

b) This Agreement may be terminated by notice in writing given by the Purchaser to the Company and the Initial Vendors in the circumstances and upon the terms set out in Section 5.4.

c) This Agreement may be terminated by mutual written agreement of the Company, the Initial Vendors and the Purchaser upon the terms of that agreement.

d) This Agreement may be terminated prior to the end of the Verification Period by the Purchaser, by notice in writing to the Vendors' Representative, if, during its verification investigation of the Vendors or the Acquired Companies, new information comes to light that was not available to the Purchaser in the Data Vault as of the date hereof that is material and adverse to the Acquired Companies or the Business or the consummation of the transactions contemplated by this Agreement; *provided that* information shall not be considered material if its monetary impact to the Acquired Companies or the Business is less than USD\$500,000; *provided further* that any restatement or reclassification or write down of BMM shares on the Books and Records of the Company shall not be considered material and adverse.

7.2 Effect of Exercise of Termination Rights

a) If a Party exercises its right of termination under Section 7.1, immediately upon the Party giving written notice as required under Section 7.1 the Parties will be discharged from any further obligations under this Agreement, except that:

(i) each Party's respective obligations under Sections 4.3.2, 7.2, 7.3, 9.2 and

9.4 will continue indefinitely; and

- (ii) if a Party exercises its right of termination under Section 7.1 because a condition for the benefit of the terminating Party has not been satisfied because the other Party failed to perform any of its obligations or covenants under this Agreement that are reasonably capable of being performed or caused to be performed by the other Party, any rights, remedies or causes of action the terminating Party may have based upon the other Party's breach will continue unimpaired.

7.3 Termination Fees

- a) If this Agreement is terminated by the Purchaser pursuant to Section 7.1a)(i) (other than a result of a failure of the conditions set forth in Section 5.1.7 or 5.1.8), then the Company shall pay to the Purchaser a fee of USD\$500,000 plus the demonstrable out of pocket expenses incurred by the Purchaser in connection with this Agreement (the "**Reverse Termination Fee**"), it being understood that in no event shall the Company be required to pay the Reverse Termination Fee on more than one occasion.
- b) If this Agreement is terminated by the Initial Vendors pursuant to Section 7.1a)(ii), then the Purchaser shall pay to the Company a fee of USD\$2,500,000 plus the demonstrable out of pocket expenses incurred by the Company and the Vendors' Representative in connection with this Agreement (the "**Termination Fee**"), it being understood that in no event shall the Purchaser be required to pay the Termination Fee on more than one occasion.
- c) If payable, the Reverse Termination Fee shall be payable by the issuance of common shares of the Company to the Purchaser within Fifteen (15) days of the date of termination of this Agreement, with a per common share as of the date of this Agreement (subject to adjustment as determined by the Parties acting reasonably in the event of a share split, reverse share split, dividend, reorganization, amalgamation or other similar recapitalization transaction of the Company after the date hereof).
- d) If payable, the Termination Fee shall be payable in cash or bank wire transfer by Purchaser to an account designated in writing by the Company within Fifteen (15) days of the date of the termination of this Agreement.
- e) The Purchaser's and Company's right to receive payment of the Reverse Termination Fee and Termination Fee, respectively, shall be the sole and exclusive remedy of the Purchaser or any of its Affiliates against the Company, the Vendors and the Vendors' Representative or any of their respective Affiliates, on the one hand, and the sole and exclusive remedy of the Company, the Vendors, the Vendors' Representative or any of their respective Affiliates against the Purchaser and its Affiliates, on the other hand for any and all losses that may be suffered based upon, resulting from or arising out of the circumstances giving rise to such termination.

ARTICLE 8
SURVIVAL AND INDEMNIFICATION

8.1 Survival of Representations, Warranties and Covenants

- a) The representations and warranties of each Party contained in this Agreement will not merge on and will survive the Closing and will continue in full force and effect for the periods of time set forth herein.
- b) The covenants of each Party contained in this Agreement will survive the Closing in accordance with their terms.

8.2 Indemnification by the Vendors

- a) Subject to Section 8.4 and Section 8.5, each Initial Vendor shall severally, and not jointly, indemnify and save each of the Purchaser's Indemnified Persons (without duplication) fully harmless against, and will reimburse them for any Damages suffered by or against it or any of them, directly or indirectly, arising from, in connection with or related to:
 - (i) any incorrectness in or breach of any representation or warranty of any Vendor contained in Section 3.1; and
 - (ii) any failure by any Vendor to transfer to the Purchaser good and valid title to such Vendor's Purchased Shares, free and clear of all Liens; and
- b) Subject to Section 8.4 and Section 8.5, the Initial Vendors shall severally, and not jointly, indemnify and save each of the Purchaser's Indemnified Persons fully harmless against, and will reimburse them for, any Damages suffered by it or any of them, directly or indirectly, arising from, in connection with or related to:
 - (i) any incorrectness in or breach of any representation or warranty of the Company contained in Section 3.2;
 - (ii) any breach or non-fulfilment of any covenant or obligation on the part of the Company contained in this Agreement;
 - (iii) any Third Party Claim against the Company instituted prior to or after the Closing Time and whether or not disclosed in the Vendors' Disclosure Letter, which is based on an act or omission of the Company that occurred or commenced prior to the Closing Time;
 - (iv) any Taxes required to be paid by the Company relating to any Pre-Closing Tax Period and the portion of any Taxes relating to any taxation period ending after the Closing Date that is attributable to the portion of that period ending on the Closing Date; and
 - (v) all debts or liabilities, contingent or otherwise, of the Company existing

at the Closing Date (other than Permitted Indebtedness), except to the extent that those debts or liabilities were included in the calculation of Net Assets.

8.3 Indemnification by the Purchaser

- a) Subject to Section 8.4 and Section 8.5, the Purchaser shall indemnify and save each of the Vendors' Indemnified Persons fully harmless against, and will reimburse them for, any Damages suffered by or any of them arising from, in connection with or related to:
 - (i) any incorrectness in or breach of any representation or warranty of the Purchaser contained in this Agreement; and
 - (ii) any breach or non-fulfilment of any covenant or obligation on the part of the Purchaser contained in this Agreement.

8.4 Limitations on Amount of Indemnification

- a) With respect to claims asserted against the Initial Vendors under Section 8.2a) or Section 8.2b), each Initial Vendor's liability shall be an amount equal to the Damages payable in respect of such claim multiplied by such Vendor's Pro Rata Share.
- b) Notwithstanding anything contained in clause (a) above or elsewhere in the Agreement:
 - (i) In no event shall any Initial Vendor's maximum liability for Damages payable in respect of claims asserted under this ARTICLE 8 exceed an amount equal to the Purchase Price multiplied by such Vendor's Pro Rata Share.
 - (ii) The Initial Vendors shall have no obligation to make any payment for Damages (for indemnification or otherwise) in respect of the matters described in Section 8.2b)(i), (a) until the aggregate amount of all Damages with respect to those matters exceeds USD\$500,000 (the "**Vendor Basket**"); provided that once the aggregate amount of those Damages exceeds USD\$500,000, the Initial Vendors will be liable only for those Damages in excess of USD\$500,000 and (b) in excess of USD\$5,000,000 in the aggregate.
 - (iii) The Purchaser has no obligation to make any payment for Damages (for indemnification or otherwise) in respect of the matters described in Section 8.3a)(i), (a) until the aggregate amount of all Damages with respect to those matters exceeds USD\$500,000 (the "**Purchaser Basket**"); provided that, once the aggregate amount of those Damages exceeds USD\$500,000, the Purchaser will be fully liable only for those Damages in excess of USD\$500,000 and (b) in excess of USD\$5,000,000 in the aggregate. In no event shall the Purchaser's maximum liability for

Damages payable in respect of claims asserted under this ARTICLE 8 exceed an amount equal to the Purchase Price.

8.5 Time Limits for Claims for Breaches of Representations and Warranties

- a) The Initial Vendors have no liability for and no obligation to make any payment for Damages in respect of a claim (for indemnification or otherwise) unless written notice of that claim is delivered to the Initial Vendors under Section 8.7 on or before the following dates:
- (i) with respect to the representations (A) of the Vendors set forth in Sections 3.1.1 (Qualification of the Vendors), 3.1.2 (Validity of Agreement), 3.1.3 (Title to Purchased Shares), 3.1.4 (No Other Agreements or Options), or (B) of the Company set forth in Sections 3.2.1 (Incorporation and Qualification of the Company), 3.2.3 (Authorization of Sale), 3.2.4 (Validity of Agreement), 3.2.5 (Capitalization of the Company), 3.2.12 (Compliance with Applicable Laws) and 3.2.41 (No Broker), on or before the expiration of the applicable statute of limitations;
 - (ii) with respect to the representations and warranties set out in Section 3.2.39 (Tax Matters) on or before the 60th day after the expiration of the applicable statute of limitations under any applicable Tax Legislation with respect to any taxation year to which those representations and warranties relate;
 - (iii) with respect to any representation or warranty or breach of covenant involving the fraudulent act or fraudulent misrepresentation of the Vendors or the Company at any time after Closing; and
 - (iv) with respect to all other representations and warranties of the Vendors or the Company, on or before the date that is 18 months after the Closing Date.

The Initial Vendors shall have no further liability with respect to any representation or warranty or breach of covenant made by the Vendors or the Company in this Agreement after the expiry of the applicable time period specified in this Section 8.5a) except for claims relating to representations or warranties of the Vendors or the Company for which written notice has been given under Section 8.7 at or prior to the end of the applicable time period. This Section 8.5a) will not be construed to impose any time limit (other than the applicable statute of limitations) on the assertion of a right to indemnification under Sections 8.2b)(ii) through 8.2b)(v), whether or not the basis on which the right is asserted could also entitle any of the Purchaser's Indemnified Persons to exercise its right under Section 8.2b)(i).

- b) The Purchaser has no liability for and has no obligation to make any payment for Damages in respect of a claim (for indemnification or otherwise) under Section 8.3a)(i) unless notice of that claim is delivered to the Purchaser under Section 8.7 on or before the following dates:

- (i) with respect to the representations and warranties set forth in Sections 3.3.1 (Incorporation and Qualification of Purchaser); 3.3.2 (Authorization of Purchase); 3.3.3 (Validity of Agreement); 3.3.4 (Capitalization of the Purchaser); 3.3.7 (Compliance with Applicable Laws), on or before the expiration of the applicable statute of limitations;
- (ii) with respect to any representation or warranty or breach of covenant involving the fraudulent act or fraudulent misrepresentation of the Purchaser, at any time after Closing; and
- (iii) with respect to all other representations and warranties and covenants of the Purchaser, on or before the date that is Eighteen (18) months after the Closing Date.

The Purchaser will have no further liability with respect to any representation or warranty or covenant made by the Purchaser in this Agreement after the expiry of the applicable time period specified in this Section 8.5b) except for claims relating to representations or warranties for which written notice has been given under Section 8.7 at or prior to the end of the applicable time period. This Section 8.5b) will not be construed to impose any time limit on the assertion of a right to indemnification under Section 8.3a)(ii), whether or not the basis on which the right is asserted could also entitle any of the Vendors' Indemnified Persons to exercise its right under Section 8.3a)(i).

8.6 Limitation Periods

The Parties agree that the statutory limitations period shall commence on the filing of the written notice of claim by the Indemnified Person and any applicable limitations period is extended or varied to the fullest extent permitted by applicable Law to give effect to this ARTICLE 8.

8.7 Notice of Claim

- a) If a Third Party Claim is instituted or asserted against an Indemnified Person, the Indemnified Person shall promptly, but in no event later than Thirty (30) days after the commencement or assertion of that Third Party Claim, notify the Indemnifier in writing of the Third Party Claim.
- b) If an Indemnified Person becomes aware of a Direct Claim, the Indemnified Person shall promptly notify the Indemnifier in writing of that Direct Claim.
- c) Notice to an Indemnifier of a Third Party Claim or Direct Claim under this Section 8.7 will constitute assertion of a claim for indemnification against the Indemnifier under this ARTICLE 8 and upon receipt of notice, the provisions of Sections 8.8 through 8.9 will apply to any Third Party Claim and the provisions of Section 8.10 will apply to any Direct Claim.
- d) Failure by an Indemnified Person to give timely notice of a Third Party Claim or Direct Claim will not relieve an Indemnifier from the obligation to indemnify the Indemnified Person, unless the Indemnified Person gives notice after the

expiration of the time periods under Section 8.5 or the failure to notify materially prejudices the ability of the Indemnifier to exercise its rights under Sections 8.8 through 8.9 with respect to a Third Party Claim.

8.8 Defence of Third Party Claims

- a) With respect to a Third Party Claim, the Indemnifier may participate in or, by giving notice to that effect to the Indemnified Person not later than Sixty (60) days after receipt of notice with respect to that Third Party Claim and, subject to the rights of any insurer or other third party having potential liability therefor, elect to assume the control of the defence of the Third Party Claim at the Indemnifier's own expense and by the Indemnifier's own counsel, and the Indemnified Person may participate in the defence of any Third Party Claim assisted by counsel of its choice at its own expense.
- b) Notwithstanding the foregoing, the Initial Vendors may only elect to assume the defence of a Third Party Claim under this Section 8.8 if an adverse resolution of the Third Party Action would not have a Material Adverse Effect on the goodwill or reputation of the Purchaser or the business, operations or future conduct of the Purchaser. Further, the Vendors' Representative may not assume control of the defence of any Third Party Action involving Taxes or criminal liability in which the equitable relief is sought against the Purchaser or any of its Subsidiaries. If the Initial Vendors does not or is not permitted under the terms hereof to assume control of the defence of a Third Party Action, the Purchaser shall control such defence. If the Indemnifier does not give notice within Sixty (60) days after receipt of notice of the Third Party Claim that it has elected to assume the control of the defence of the Third Party Claim, the Indemnified Person may, at its option and assisted by counsel of its choice, assume the defence of or settle or compromise the Third Party Claim without prejudice to its right of indemnification under this Agreement. Notwithstanding the foregoing, the Indemnifier may not assume the defence of a Third Party Claim with counsel of its choice and without the participation of the Indemnified Person if the Indemnified Person determines, in good faith, that joint representation is inappropriate.
- c) The fees and expenses of counsel to the Indemnified Party with respect to a Third Party Claim shall be considered Damages for the purposes of this Agreement if: (i) the Indemnified Person controls the defence of such Third Party Action pursuant to the terms of this Section 8.8; or (ii) the Indemnifier assumes control of such defence and the Indemnified Person reasonably concludes that the Indemnified Person and the Indemnifier have conflicting interests or different defences available with respect to such Third Party Action.

8.9 Settlement of Third Party Claims

If an Indemnifier elects to assume the defence of any Third Party Claim as provided in Section 8.8, the Indemnifier shall diligently proceed with the defence and shall not, without the prior written consent of the Indemnified Person, not to be unreasonably withheld, enter into any compromise or settlement of

the Third Party Claim or consent to the entry of any judgment, which would lead to liability or create any other obligation, financial or otherwise, on the Indemnified Person.

8.10 Direct Claims

With respect to a Direct Claim, the Indemnified Person shall give notice of the Direct Claim to the Indemnifier as provided in Section 8.7. Upon receipt of that notice, the Indemnifier will then have a period of Thirty (30) days within which to respond in writing to the Direct Claim. The Indemnified Person shall make available to the Indemnifier the information relied upon by the Indemnified Person to substantiate its right to be indemnified, together with all other information as may be reasonably requested by the Indemnified Person. If the Indemnifier, (or in the case of a Vendor, the Vendors' Representative) does not respond within that Thirty (30)day period, the Indemnifier will be deemed to have rejected that Direct Claim and the Indemnified Person may pursue any remedies available to it.

8.11 Reductions and Subrogation

If the amount of Damages incurred by an Indemnified Person at any time subsequent to the making of an Indemnity Payment is reduced by any recovery, settlement or otherwise under any insurance coverage or under any claim, recovery, settlement or payment by or against any other Person, the Indemnified Person shall promptly repay to the Indemnifier the amount of the reduction (less any costs, expenses (including Taxes) or premiums incurred in connection therewith). Upon making a full Indemnity Payment, the Indemnifier will, to the extent of that Indemnity Payment, be subrogated to all rights of the Indemnified Person against any third party that is not an Affiliate of the Indemnified Person in respect of the Damages to which the Indemnity Payment relates. Until the Indemnified Person recovers full payment of its Damages, any and all claims of the Indemnifier against any such third party on account of that Indemnity Payment will be postponed and subordinated in right of payment to the Indemnified Person's rights against that third party.

8.12 Exclusive Remedies

Except as provided in this Section 8.12, if the Closing occurs, the indemnities provided in Section 8.2 and Section 8.3 (in each case, subject to the limitations set forth in Sections 8.4 and 8.5) will, notwithstanding Section 9.7, constitute the sole and exclusive remedy of the Purchaser (or any of the Purchaser's Indemnified Persons) or the Vendors (or any of the Vendors' Indemnified Persons), respectively, against a Party in respect of a breach of any representation, warranty, covenant or agreement of that Party under this Agreement. However, if, after Closing, a Party makes a claim for indemnification in accordance with Section 8.2 or Section 8.3, as the case may be, and the other Party refuses to make payment for Damages or otherwise provide satisfaction in respect of that Claim), then the Party making the claim for indemnification may bring a Legal Proceeding to seek a remedy for that refusal. The Purchaser may exercise its rights under Section 5.4 and the Parties may exercise their rights under Section 2.6g)(i), and ARTICLE 7. The Parties acknowledge that the failure to comply with a covenant or obligation contained in this Agreement or in any Transaction Document may give rise to irreparable injury to a Party inadequately compensable in damages. Accordingly, a Party may seek to enforce the performance of this Agreement by injunction or specific performance upon application to a court of competent jurisdiction without proof of actual damage (and without the requirement of posting a bond or other security). Each Party expressly waives, from and after the Closing, any other remedies whatsoever, whether at law or in equity, which it would otherwise be entitled to as against a Party.

**ARTICLE 9
MISCELLANEOUS**

9.1 Notices

- a) Any notice, direction or other communication (in this Section 9.1, a "**notice**") regarding the matters contemplated by this Agreement must be in writing and delivered personally, sent by overnight courier, email or electronic delivery, as follows:

In the case of the Company, to the Company:

Passport Technology Inc.
[Information Redacted]

with a copy to (which shall not constitute notice to the Company):

Dean Kajioka, Esq., Kajioka & Associates
[Information Redacted]

In the case of the Vendors, to the Vendors' Representative:

Dean Kajioka, Esq., Kajioka & Associates
[Information Redacted]

In the case of the Purchaser, to:

Australis Capital Inc.
376 East Warm Springs Road, Suite 190
Las Vegas, NV 89119
Attention: Cleve Tsung, EVP - CRO
Email: [Redacted]

with a copy to (which shall not constitute notice to the Purchaser):

Australis Capital Inc.
376 East Warm Springs Road, Suite 190
Las Vegas, NV 89119
Attention: Chief Legal Officer
Email: [Redacted]

Edwards, Kenny & Bray LLP
1900-1040 West Georgia Street
Vancouver, BC V6E 4H3
Attention: [Redacted]
Email: [Redacted]

- b) A notice is deemed to be delivered and received: (i) if delivered personally, on the date of delivery if delivered prior to 5:00 p.m. (recipient's time) on a Business Day and otherwise on the next Business Day; (ii) if sent by same-day courier, email or electronic delivery, on the date of delivery if delivered prior to 5:00 p.m. (recipient's time) on a Business Day and otherwise on the next Business Day; and (iii) if sent by overnight courier, on the next Business Day.
- c) A Party may change its address for service from time to time by notice given in accordance with the foregoing provisions.

9.2 Public Announcements

No press release, public statement or announcement or other public disclosure regarding this Agreement or the transactions contemplated by this Agreement may be made prior to Closing without the prior written consent and joint approval of the Company and the Purchaser, except if required by applicable Laws or a Governmental Authority (including the Exchange), as determined by legal counsel to the disclosing Party. If disclosure is required by applicable Laws or a Governmental Authority (including the Exchange), prior to making any such disclosure, the Purchaser or Company making the disclosure shall promptly notify the other of the proposed content of such disclosure and reason such disclosure must be made, and shall make all reasonable efforts to obtain the approval of the other as to the form, nature and extent of the disclosure. After the Closing, no press release, public statement or announcement or other public disclosure regarding this Agreement or the transactions contemplated by this Agreement may be made by a Vendor or the Vendors' Representative, as the case may be, unless disclosure is required by applicable Law or a Governmental Authority, in which case the Vendor or the Vendors' Representative, as the case may be, shall make all reasonable efforts to obtain the approval of the Purchaser as to the form, nature and extent of the press release, public statement or announcement or other public disclosure regarding this Agreement or the transactions contemplated by this Agreement. Notwithstanding the foregoing, the Vendors, the Vendors' Representative and the Company acknowledge that (i) the Purchaser is subject to disclosure obligations under applicable securities Laws and the rules and regulations of the Exchange which may require a public announcement of the transactions contemplated by and the existence of this Agreement and (ii) the distribution of the Circular and the solicitation of the votes in connection with the Purchaser Shareholder Meeting is permitted hereunder.

9.3 Further Assurances

Each Party shall from time to time, before or after the Closing Time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered all further acts, documents and instruments as may be reasonably necessary or desirable in order to give full effect to this Agreement or any provision of it.

9.4 Costs and Expenses

Unless otherwise specified, each Party shall be responsible for all of its respective costs and expenses (including the fees and disbursements of legal counsel, bankers, investment bankers, accountants, brokers and other advisors) incurred by it in connection with this Agreement and the transactions contemplated by it.

9.5 Vendors' Disclosure Letter

Notwithstanding that the representations and warranties and certain disclosures of the Vendors and of the Company set forth in this Agreement are made as of the date hereof, during the Verification Period, the Initial Vendors shall be entitled to update the materials, documents, reports, records and information provided in response to the Vendors' Disclosure Letter provided by Purchaser on or before Thirty (30) days prior to the end of the Verification Period. Following such update, all representations and warranties shall be deemed made as of the date of this Agreement and as of the date of such disclosure, as modified by the Vendors' Disclosure Letter.

9.6 Waiver of Rights

Any waiver of any of the provisions of this Agreement will be binding only if it is in writing and signed by the Party to be bound by it, and only in the specific instance and for the specific purpose for which it has been given. The failure or delay of any Party in exercising any right under this Agreement will not operate as a waiver of that right. No single or partial exercise of any right will preclude any other or further exercise of that right or the exercise of any other right, and no waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar).

9.7 Remedies Cumulative

Unless otherwise specified, the rights and remedies of a Party under this Agreement are cumulative and in addition to and without prejudice to any other rights or remedies available to that Party at law, in equity or otherwise, and unless otherwise specified, no single or partial exercise by a Party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that Party may be entitled.

9.8 Severability

If any provision of this Agreement or its application to any Party or circumstance is determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, it will be ineffective only to the extent of its illegality, invalidity or unenforceability without affecting the validity or the enforceability of the remaining provisions of this Agreement and without affecting its application to other parties or circumstances.

9.9 Assignment

- a) Except as provided in this Section 9.9, neither this Agreement nor any of the rights, benefits or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Parties; provided, that the Preferred Shareholders may assign their rights and benefits under this Agreement, without prior written consent, to an Affiliate.
- b) The Purchaser may assign this Agreement or any of its rights, benefits or obligations under this Agreement to an Affiliate of the Purchaser not later than two (2) Business Days prior to the Closing Date, subject to the following conditions:
 - (i) the Purchaser will not be relieved of its liability under this Agreement and the assignee will become jointly and severally liable with the Purchaser, as a principal and not as surety, with respect to all of the obligations of the Purchaser, including the representations, warranties, covenants, indemnities and agreements of the Purchaser; and
 - (ii) the assignee shall execute an agreement in form and substance satisfactory to the Company and the Vendors acting reasonably confirming the assignment and the assumption by the assignee of all obligations of the Purchaser under this Agreement.
- c) The Purchaser may assign its rights, benefits and obligations under this Agreement, in whole or in part, to any Person that acquires all or substantially all of the assets of the Purchaser or acquires a majority of the Purchaser's issued and outstanding voting securities, whether by way of take-over bid, amalgamation, arrangement, merger or otherwise.

9.10 Successors and Assigns

This Agreement and all of the provisions hereof shall be binding and will enure to the benefit of and be binding upon the Parties and their respective successors, heirs, executors, administrators, legal representatives and permitted assigns.

9.11 Third Parties

Unless otherwise specified in Section 8.2 and Section 8.3, this Agreement does not and is not intended to confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns. Except for the Indemnified Persons, no Person other than the Parties will be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum. The Parties reserve their right to vary or rescind, at any time and in any way whatsoever, the rights, if any, granted by or under this Agreement to any Person who is not a Party, without notice to or consent of that Person, including any Indemnified Person.

9.12 Entire Agreement

This Agreement, together with the Transaction Documents, constitutes the entire agreement between

the Parties with respect to the transactions contemplated by this Agreement and supersedes all other understandings, agreements, representations (including misrepresentations, negligent or otherwise), negotiations, communications and discussions, written or oral, made by the Parties with respect thereto. There are no representations, warranties, terms, conditions, covenants or other understandings, express or implied, collateral, statutory or otherwise, between the Parties, except as expressly stated in this Agreement and the other Transaction Documents and Closing Documents. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement, the Transaction Documents and the Closing Documents. If there is any conflict or inconsistency between the provisions of this Agreement and those in any Transaction Document, the terms and conditions in this Agreement will govern. The Parties hereby agree that the letter of intent dated June 24, 2020 between the Purchaser and the Company is terminated.

9.13 Amendment

Except as expressly permitted herein, this Agreement may not be amended, supplemented or otherwise modified in any respect except by written agreement signed by all of the Parties; provided that notwithstanding the foregoing, to the extent that any proposed amendment does not adversely affect the rights of the Vendors hereunder, such amendment may be signed by the Vendors' Representative on behalf of the Vendors. Each Vendor and the Company agree that it will consider in good faith and be reasonable in accommodating (but is under no obligation to agree to) any amendments to this Agreement requested by the Purchaser for the purpose assisting the Purchaser in optimizing the Tax effects of the transactions contemplated by this Agreement, including, if requested by the Purchaser, amendments to permit the Purchaser to acquire Passport Technology Canada Ltd. separately from the Company, provided that the overall transaction consideration payable by the Purchaser is not lower than what is set out in this Agreement and the representations, warranties, covenants and indemnities given by the Company and the Vendors are not materially less favorable to the Company and the Vendors as a result of any such amendment.

9.14 Governing Law; Attornment

This Agreement will be construed, interpreted and enforced in accordance with the laws of the State of Nevada, USA, applicable therein. Each Party irrevocably attorns and submits to the exclusive jurisdiction of the courts of Clark County, Nevada, USA, and irrevocably waives objection to the venue of any proceeding in those courts or that those courts provide an inconvenient forum.

9.15 Counterparts and Delivery

This Agreement may be executed in any number of counterparts (including counterparts by electronic transmission or DocuSign), each of which will be deemed to be an original and all of which, taken together, will be deemed to constitute one and the same instrument. Delivery by electronic transmission of an executed counterpart (including, for greater certainty, by DocuSign) of this Agreement is as effective as delivery of an originally executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by electronic transmission (including DocuSign) shall also deliver an originally executed counterpart of this Agreement, upon the request of a Party, but the failure to deliver an originally executed copy does not affect the validity, enforceability or binding effect of this Agreement.

9.16 English Language

The parties confirm that it is their wish that this Agreement and the other Closing Documents, including notices, have been and will be in the English language only. Les parties aux présentes confirment leur volonté que cette convention ainsi que tous les documents s'y rattachant, y compris les avis, soient rédigés dans la langue anglaise seulement.

[SIGNATURE PAGE FOLLOWS]

THIS AGREEMENT has been executed by the Parties as of the date first set forth above.

PASSPORT TECHNOLOGY INC.

"Kurt Sullivan"

Per: _____

Name: Kurt Sullivan

Title: President/COO

AUSTRALIS CAPITAL INC.

"Cleve Tsung"

Per: _____

Name: Cleve Tsung

Title: EVP, CRO

**DEAN KAJIOKA, as Vendors' Representative
and not in his personal capacity.**

"Dean Kajioka"

Per: _____

Name: Dean Kajioka

Title:

WYVERN CAPITAL, INC., as an Initial Vendor

"Scott Dowty"

Per: _____

Name: Scott Dowty

Title: Executive Chairman

KURT SULLIVAN, as an Initial Vendor

"Kurt Sullivan"

Per: _____

Name: Kurt Sullivan

Title:

[Information Redacted]						

240,000

100.0000%

100.0000%

100.00%

100.0000%

SCHEDULE B

Sample Net Asset Calculation

(Attached)

SCHEDULE C

© Commercial Brokers
Association
ALL RIGHTS RESERVED



Form: PS_1A
Purchase & Sale Agreement
Rev. 1/2011
Page 13 of 13

**COMMERCIAL & INVESTMENT REAL ESTATE
PURCHASE & SALE AGREEMENT
(CONTINUED)**

EXHIBIT A *
[Legal Description]

See attached 2 separate legal descriptions

* To ensure accuracy in the legal description, consider substituting the legal description contained in the preliminary commitment for title insurance or a copy of the Property's last vesting deed for this page. Do not neglect to label the substitution "Exhibit A." You should avoid transcribing the legal description because any error in transcription may render the legal description inaccurate and this Agreement unenforceable.

INITIALS: Buyer (Signed) _____ Date 2/20/20 _____ Seller _____ Date _____
Buyer _____ Date _____ Seller _____ Date _____

EXHIBIT "A"
Legal Description

THAT PORTION OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 38 NORTH, RANGE 3 EAST OF THE W.M., LYING SOUTHEASTERLY OF THE RIGHT OF WAY OF B.B.AND B.C. RAILROAD AS SAME IS NOW LOCATED ACROSS SAID NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 16, DESCRIBED AS FOLLOWS:

THE SOUTH 250 FEET OF THE NORTH 280 FEET OF SAID NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 16.

EXCEPT THEREFROM BAKERVIEW ROAD.

SITUATE IN WHATCOM COUNTY, WASHINGTON.

2/20/20

(signed)
SELLER

SCHEDULE D

Inst #: 20190621-0000847

Fees: \$40.00

RPTT: \$14943.00 Ex #:

06/21/2019 09:56:20 AM

Receipt #: 3744798

Requestor:

FIDELITY NATIONAL TITLE

Recorded By: SAO Pgs: 4

DEBBIE CONWAY

CLARK COUNTY RECORDER

Src: ERECORD

Ofc: ERECORD

APN: 123-27-701-001
WHEN RECORDED RETURN
AND MAIL TAX STATEMENTS TO:

Australis Terrain LLC
Attn: Scott Dowty
376 E. Warm Springs Rd., Suite 190
Las Vegas, NV 89119

(Space above line for Recorder's use only)

GRANT, BARGAIN AND SALE DEED

MERIDIAN COMPANIES LLC, a Nevada limited liability company, as "GRANTOR," does hereby Grant, Bargain, Sell and Convey to AUSTRALIS TERRAIN LLC, a Nevada limited liability company, as "GRANTEE", all of that real property located in the County of Clark, State of Nevada bounded and described as follows:

See Exhibit "A" attached hereto and incorporated herein by this reference;

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or otherwise appertaining.

SUBJECT TO:

1. General and special taxes for the current fiscal tax year not yet due and payable.
2. Covenants, conditions, restrictions, reservations, rights, of way and easements of record as of the date of the recording of this document.

Signature Page Follows

IN WITNESS WHEREOF, Grantor has caused this instrument to be executed on the date set forth below.

Dated: 6.20, 2019.

MERIDIAN COMPANIES LLC,
a Nevada limited liability company

(Signed)
By: _____
Name: [Redacted]
Title: Manager

STATE OF Nevada
COUNTY OF Clark

This instrument was acknowledged before me on June 20th, 2019
[Redacted], as Manager, of MERIDIAN COMPANIES LLC, a
Nevada limited liability company.

[Redacted]
NOTARY PUBLIC

MY COMMISSION EXPIRES 5.15.22

EXHIBIT A

Legal Description of Land

The Northwest Quarter (NW ¼) of the Northwest Quarter (NW ¼) of the Southeast Quarter (SE ¼) of Section 27, Township 19 South, Range 62 East, M.D.M.

EXCEPT the interest in the North 40 feet, and that spandrel area of said land as conveyed to Clark County by Deed recorded December 14, 1984 as Instrument No. 1995145, Official Records.

FURTHER EXCEPTING THEREFROM that portion conveyed to the City of North Las Vegas by Grant Deed recorded April 16, 2019 as Instrument No. 20190416-0001712, Official Records.

Assessor's Parcel Number: 123-27-701-001

FIRST AMENDMENT TO SHARE PURCHASE AGREEMENT

THIS FIRST AMENDMENT TO SHARE PURCHASE AGREEMENT is made as of July 2, 2020.

BY AND AMONG: **PASSPORT TECHNOLOGY INC.**, a corporation incorporated under the laws of the state of Nevada

(the "**Company**")

AND: **INITIAL VENDORS PARTY HERETO**

(collectively, the "**Initial Vendors**")

AND: **DEAN KAJIOKA,**

(the "**Vendors' Representative**")

AND: **AUSTRALIS CAPITAL INC.**, a corporation incorporated under the laws of province of Alberta

(the "**Purchaser**")

WHEREAS:

A. The Company, the Initial Vendors, the Vendor's Representative and the Purchaser are party to a Share Purchase Agreement (the "**SPA**"), dated June 25, 2020.

B. The parties to the SPA have agreed to amend certain provisions of the SPA as set out herein.

NOW THEREFORE in consideration of the premises and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Interpretation

Any capitalized term not expressly defined in this Agreement shall have the meaning ascribed to it in the SPA.

2. Amendments to SPA

- (a) The definition of "Company Revenue" in Section 1.1 of the SPA is amended in its entirety to read as follows:

"Company Revenue" means, for a period, the gross revenues of the Company and its consolidated Subsidiaries from transaction fees, surcharge fees,

interchange revenue (ATM) and DCC fees, calculated in accordance with IFRS as presented on the audited financial statements.”

- (b) The definition of “Net Assets” in Section 1.1 of the SPA is amended in its entirety to read as follows:

“**Net Assets**” means, as of a date, the total assets minus total liabilities of the Company and its consolidated subsidiaries, excluding goodwill, marketable securities, prefunds and Tax related amounts, calculated in accordance with GAAP.”

- (c) Section 1.3 of the SPA is amended by deleting the phrase “Sample Net Asset Calculation” and replacing it with the phrase “Intentionally Deleted”.
- (d) Section 2.3a) of the SPA is amended by deleting the phrase “, prepared in accordance with Schedule B (as may be supplemented prior to the end of the Verification Period)”.
- (e) Section 2.5a) of the SPA is amended by deleting the phrase “calculated in accordance with Schedule B (as may be supplemented prior to the end of the Verification Period)”.
- (f) Section 2.6c) of the SPA is amended by deleting the sentence “The Company, Initial Vendors and the Purchaser shall instruct the Independent Accountant to make all determinations in accordance with the principles set forth on Schedule B as of the Closing Date, notwithstanding the availability of other accounting methods, policies, practices and/or procedures under GAAP.”
- (g) The preamble to Section 2.9 of the SPA is amended by replacing the table following the first paragraph thereof with the following:

Company Revenue Target	Value of Deferred Shares Issuable	Value of BMM Deferred Shares Payable
USD\$8,500,000	USD\$1,000,000	USD\$1,000,000
USD\$9,500,000	USD\$1,000,000	USD\$1,000,000

- (h) Section 2.10 of the SPA is amended by replacing the figure of “USD\$7,000,000” with “USD\$8,500,000”.
- (i) Schedule B of the SPA is amended by replacing the text “Sample Net Asset Calculation (Attached)” with “Intentionally Deleted”.

3. Miscellaneous

- (a) The Initial Vendors and the Company each represent and warrant that, as of the date hereof (i) each representation and warranty made by any Vendor, any Initial Vendor or the Company in the SPA is true and correct and (ii) it is not in default of any of its obligations under the SPA.
- (b) Except as amended by this Agreement, all other terms and conditions of the SPA shall remain in full force and effect.

- (c) This Agreement and all of the provisions hereof shall be binding and will enure to the benefit of and be binding upon the Parties and their respective successors, heirs, executors, administrators, legal representatives and permitted assigns.
- (d) This Agreement shall be construed, interpreted and enforced in accordance with the laws of the State of Nevada, and the laws of the USA applicable therein. Each party irrevocably attorns and submits to the exclusive jurisdiction of the courts of Clark County, Nevada, USA, and irrevocably waives objection to the venue of any proceeding in those courts or that those courts provide an inconvenient forum.
- (e) This Agreement may be executed in any number of counterparts (including counterparts by electronic transmission or DocuSign), each of which will be deemed to be an original and all of which, taken together, will be deemed to constitute one and the same instrument. Delivery by electronic transmission of an executed counterpart (including, for greater certainty, by DocuSign) of this Agreement is as effective as delivery of an originally executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by electronic transmission (including DocuSign) shall also deliver an originally executed counterpart of this Agreement, upon the request of a Party, but the failure to deliver an originally executed copy does not affect the validity, enforceability or binding effect of this Agreement.

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PASSPORT TECHNOLOGY INC.

"Kurt Sullivan"

Per: _____

Name: Kurt Sullivan

Title: President/COO

AUSTRALIS CAPITAL INC.

"Cleve Tzung"

Per: _____

Name: Cleve Tzung

Title: CEO

**DEAN KAJIOKA, as Vendors' Representative
and not in his personal capacity.**

"Dean Kajioka"

Per: _____

Name: Dean Kajioka

Title:

WYVERN CAPITAL, INC., as an Initial Vendor

"Scott Dowty"

Per: _____

Name: Scott Dowty

Title: Executive Chairman

KURT SULLIVAN, as an Initial Vendor

"Kurt Sullivan"

Per: _____

Name: Kurt Sullivan

Title: