

**ASSET PURCHASE AGREEMENT**

**THIS ASSET PURCHASE AGREEMENT** is made as of February 3<sup>rd</sup>, 2023 (this “**Agreement**”)

**BY AND AMONG:**

**CEAD HOLDINGS INC.**, a corporation incorporated under the laws of the Province of Ontario

(the “**Purchaser**”)

- **AND** -

**THOMAS LARSEN**, an individual resident of the City of Burlington, Province of Ontario

(“**Thomas**”)

- **AND** -

**2750176 ONTARIO INC.**, a corporation incorporated under the laws of the Province of Ontario

(“**275**”)

- **AND** -

**ALPS EMPCO INC.**, a corporation incorporated under the laws of the Province of Alberta

(“**Empco**”)

- **AND** -

**LARSEN LTD.**, a corporation incorporated under the laws of the Province of Ontario

(“**Larssen**”)

- **AND** -

**ALPS B.V.**, a corporation incorporated under the laws of Netherlands

(“**Alps BV**”)

- AND -

**ALPS USA INC.**, a corporation incorporated under the laws of the State of Nevada  
(“**Alps US**”)

- AND -

**ALPS (ONTARIO) INC.**, a corporation incorporated under the laws of the Province of Ontario  
(“**Alps**”)

- AND -

**LARSSEN GC LTD.**, a corporation incorporated under the laws of the Province of Ontario  
(“**Larssen GC**”)

- AND -

**APIS INC.**, a corporation incorporated under the laws of the Province of Ontario  
(“**APIS**” and together with 275, Empco, Larssen, Alps BV, Alps US, Alps and Larssen GC, collectively, the “**Vendors**”)

-AND-

**AUSTRALIS CAPITAL INC.**, a corporation incorporated under the laws of the Province of Alberta;  
(“**AUSA**”)

-AND-

**LOLA VENTURES INC.**, a corporation incorporated under the laws of the Province of Alberta;  
(“**Lola**”)

-AND-

**TERRY BOOTH**, an individual resident of the City of Edmonton, Province of Alberta  
(“**Terry**”)

**WHEREAS** Thomas is the registered and beneficial holder of forty-nine (49) Common Shares in the issued and outstanding capital of 275 (collectively, the “**Thomas Shares**”), being twenty-four point five percent (24.5%) of the issued and outstanding capital of 275;

**AND WHEREAS** the Vendors wish to sell and assign to the Purchaser, and the Purchaser wishes to purchase and assume from the Vendors, respectively, certain assets of the Business, subject to the terms and conditions set forth herein;

**NOW THEREFORE**, in consideration of the premises and mutual agreements herein contained, and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each Party), the Parties agree as follows:

## **ARTICLE 1 INTERPRETATION**

### **1.1 Definitions**

The capitalized words and expressions used in this Agreement or in its Schedules shall have the meaning ascribed to them in Schedule 1.1, unless otherwise expressly stated herein.

### **1.2 Articles, Sections and Headings**

The division of this Agreement into Articles, Sections, Subsections and Schedules and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. The terms “**hereof**”, “**hereunder**”, “**herein**” and similar expressions refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule or other portion hereof. References herein to Articles, Sections, Subsections or Schedules are to Articles, Sections, Subsections and Schedules of this Agreement or of the Schedules hereto unless otherwise expressly stated herein.

### **1.3 Extended Meanings**

In this Agreement, words importing the singular number also include the plural and vice versa and words importing any gender include all genders. The term “including” means “including, without limiting the generality of the foregoing”.

### **1.4 Accounting Principles**

Unless specified otherwise, wherever in this Agreement reference is made to a calculation to be made or an action to be taken in accordance with generally accepted accounting principles, such reference will be deemed to be made to ASPE, applicable as at the date on which such calculation or action is made or taken or required to be made or taken in accordance with ASPE.

## 1.5 Currency

Except as expressly provided herein, all references to currency contained herein are to lawful money of Canada.

## 1.6 Calculation of Time

1.6.1 *Time.* Time is of the essence of this Agreement.

1.6.2 *Calculation of Time.* Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done pursuant to this Agreement shall be calculated by excluding the day on which the period commences and including the day on which the period ends. Where the last day of any such time period is not a Business Day, such time period shall be extended to the next Business Day following the day on which it would otherwise end.

## 1.7 No Strict Construction

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of *contra proferentum* or strict construction shall be applied against any Party.

## 1.8 Joint and Several Obligations

All representations, warranties, covenants, obligations and liabilities of any of the Vendors in the Agreement or any Closing Document, are joint and several representations, warranties, covenants, obligations and liabilities of the Vendors.

## 1.9 Schedules

The following Schedules attached hereto are incorporated by reference and deemed to be part hereof:

|                   |   |                                                 |
|-------------------|---|-------------------------------------------------|
| Schedule 1.1      | - | Definitions                                     |
| Schedule 1.1.2    | - | Accounts Payable List                           |
| Schedule 1.1.38   | - | Equipment                                       |
| Schedule 2.1.5(a) | - | Non-Assignable Contracts                        |
| Schedule 2.2.2    | - | Allocation of Purchase Price                    |
| Schedule 3.1      | - | Representations and Warranties – Vendors et al. |
| Schedule 3.1.2    | - | Consents                                        |
| Schedule 3.1.3    | - | Location of Purchased Assets                    |
| Schedule 3.1.6    | - | Material Contracts                              |
| Schedule 3.1.7    | - | Equipment Leases                                |
| Schedule 3.1.11   | - | Employees                                       |
| Schedule 3.1.12   | - | Employee Plans                                  |

|                   |   |                                            |
|-------------------|---|--------------------------------------------|
| Schedule 3.1.16   | - | Material Intellectual Property             |
| Schedule 3.2      | - | Representations and Warranties – Purchaser |
| Schedule 4.4      | - | Satisfaction of Excluded Liabilities       |
| Schedule 4.7.1    | - | Offered Employees                          |
| Schedule 4.7.1(b) | - | Terminated Employees                       |
| Schedule 5.2.2(f) | - | Vendor Indemnity Matters                   |
| Schedule 7.8      | - | Notices                                    |

To the extent that any of the Schedules remain incomplete as of the date that the Parties execute this Agreement, the Party responsible for the completion of each applicable schedule shall complete same prior to the Closing Date and the approval of the Parties to the contents of the Schedules, not to be unreasonably withheld, shall be a condition of the Closing.

## ARTICLE 2 PURCHASE AND SALE

### 2.1 Purchase and Sale of Purchased Assets

2.1.1 Upon and subject to the terms and conditions hereof, the Vendors hereby sell, assign, transfer, convey and deliver to the Purchaser, or as the Purchaser may direct, and the Purchaser hereby purchases from the Vendors, free and clear of any Encumbrances, all of the Vendors' respective rights, title and interest in, to and under all of the assets, properties and rights of every kind and nature, which relate to, or are used or held in connection with, the Business (collectively, the "**Purchased Assets**"), including the following but excluding the Excluded Assets:

- (a) *Intentionally Deleted.*
- (b) the Accounts Receivable of the Vendors;
- (c) the Inventory of the Vendors, including but not limited to, work-in-progress;
- (d) subject to Section 2.1.5, all Material Contracts that the Vendors or any one (1) of them is a party to in connection with the Business, including but not limited to the Equipment Leases, but excluding the Employee Plans and any and all Employee Contracts;
- (e) the Equipment;

- (f) the Intellectual Property;
- (g) the Computer Systems;
- (h) the other intangible rights and property relating to the Business including going concern value, the goodwill of the Business, including the exclusive right of the Purchaser to represent itself as carrying on the Business in succession to the Vendors, as applicable, and all right, title and interest of the Vendors in, to and in respect of the names “ALPS”, “APIS”, “Achieve”, “Larssen GC”, “Larssen Greenhouse Consulting” and any variations thereof, and all data, lists, files, records and information relating to the suppliers, customers, prospective customers and employees of the Business and all pertinent files, catalogues and promotional materials relating to the Business, and all telephone, facsimile, domain name, social media, website and email listings and addresses;
- (i) the Transferable Permits;
- (j) all Cash as of the Effective Time;
- (k) the other properties and assets of every kind, character and description, tangible or intangible, owned by the Vendors and used or held for use in connection with the Business, whether or not similar to the items specifically set forth above;
- (l) all Claims of the Vendors or any one (1) of them against third parties relating to the Business or the Purchased Assets, whether choate or inchoate, known or unknown, deferred or nondeferred, to the extent relating to events or circumstances arising prior to or in existence at the Effective Time;
- (m) all rights of the Vendors relating to prepaid expenses, Claims for refunds and rights to offset in respect thereof that are not Excluded Assets;
- (n) the Books and Records of the Vendors but excluding all Tax Returns;
- (o) all proceeds of any or all of the foregoing; and
- (p) One Hundred Thousand (100,000) common shares in the capital of Bright Green Corporation (the “**Bright Green Shares**”).

2.1.2 Notwithstanding Section 2.1.1, the Purchased Assets shall not include the following assets that will remain the property of the Vendors (collectively, the “**Excluded Assets**”):

- (a) Any interest in the lease related to the real property in Naaldwijk, Netherlands and the right, title and interest of Empco, or its assignee, in, to and under the Lease and the Leased Premises;
- (b) all non-transferable Permits that relate to the Business;
- (c) all rights of the Vendors under this Agreement and under each Closing Document;
- (d) all information and that part of any Books and Records of the Vendors relating to the Business or the Purchased Assets which must not be disclosed by the Vendors to the Purchaser pursuant to the provisions of applicable Law (save and except that where such information or parts of any Books and Records may be disclosed to the Purchaser pursuant to the provisions of applicable Law or with the consent of a third party or Governmental Authority, the Vendors covenant to use all reasonable efforts, whether before or after Closing, to obtain such consent) or which would be libelous if disclosed;
- (e) all insurance policies of the Vendors;
- (f) all Employee Plans of the Vendors, and all assets attributable thereto, including, for greater certainty, any individual pension plans of the Vendors; and
- (g) any information or records primarily related to other businesses of the Vendors or to the Vendors as a whole, and not reasonably required in connection with the Purchased Assets, the Business or its operations provided that if they are so required, the Vendors may delete any confidential or sensitive information that relates primarily to such other businesses.

2.1.3

Upon and subject to the terms and conditions hereof, the Purchaser hereby assumes and agrees to pay, satisfy, perform, fulfill and discharge only the following Liabilities of the Vendors (collectively, the “**Assumed Liabilities**”) and indemnify the Vendors related thereto, and no other Liabilities:

- (a) Accrued and Unpaid Bonuses of the Transferred Employees as at the Closing Date;
- (b) accrued vacation pay of the Transferred Employees as at the Closing Date;
- (c) the obligations expressly assumed by the Purchaser under Section 4.7.4 with respect to the Transferred Employees;
- (d) any Liability to the Vendors’ Current Customers incurred by the Vendors in the Ordinary Course for non-delinquent orders

outstanding as of the Effective Time reflected on the Books and Records (other than any Liability arising out of or relating to a breach that occurred prior to the Effective Time);

- (e) any Liability arising after the Effective Time related to Section 2.1.5 in connection with any Non-Assignable Contracts in which the corresponding benefit of such Non-Assignable Contract is for the account of or accrues to the Purchaser; and
- (f) any Liability arising after the Effective Time under the Material Contracts and Permits assumed by the Purchaser (other than any Liability arising out of or relating to a breach that occurred prior to the Effective Time), in each case only to the extent that the benefit thereof is conveyed to the Purchaser.

2.1.4 Except for the Assumed Liabilities, the Purchaser will not and does not assume, agree to perform or discharge, or indemnify the Vendors against, or otherwise have any responsibility for, any liabilities, costs or expenses, Claims or losses of the Vendors (collectively, the “**Excluded Liabilities**”) including the following:

- (a) the Accounts Payable;
- (b) any Liabilities of the Vendors for or relating to any Taxes relating to the Business or the Purchased Assets which are accrued or incurred before the Closing Date other than any obligation to remit sales Taxes to be collected in connection with any of the Purchased Assets as provided in this Agreement;
- (c) any Liability (including Indebtedness) of the Vendors not comprising the Assumed Liabilities;
- (d) any Liability with respect to any litigation, action or proceeding, whether or not now pending or threatened, to the extent based on events occurring or a state of facts existing on or prior to the Closing Date, whether or not the Vendors have been notified of any existing or potential Claims with respect to products sold or services rendered by the Vendors prior to the Closing or with respect to any other matter;
- (e) all Liabilities in connection with, arising from or relating to the use of the Leased Premises prior to or following the Effective Time,



including but not limited to, all unpaid rent and additional rent pursuant to the Lease;

- (f) all Liabilities in connection with, arising from or relating to the conduct of the Business, the operation of the Purchased Assets, or the use of the equipment under Equipment Leases prior to the Effective Time, including, for greater certainty, all Liabilities in connection with, arising from or relating to the Vendors not being registered with any workers' compensation or workplace safety and insurance board or similar authority in any jurisdiction where the Business is carried on;
- (g) all Liabilities of Vendors accrued at any time prior to the Effective Time under the Material Contracts, including any Liability for any default existing prior to the Effective Time;
- (h) all Employee Plans and all Liabilities relating to or arising under any Employee Plans, including, for greater certainty, any individual pension plans of the Vendors;
- (i) all Liabilities in respect of Transferred Employees relating to or arising from their employment at or prior to the Effective Time, including but not limited to, remuneration attributable to such period except the Accrued and Unpaid Bonuses and any Liability for Transferred Employees which has been expressly agreed to be assumed by the Purchaser as provided for in Section 4.7;
- (j) all Liabilities relating to or in respect of any Employee who is not a Transferred Employee (and their survivors, dependants and beneficiaries) howsoever and whensoever arising, including but not limited to the Terminated Employees and the Released Employees;
- (k) any Liability accruing before or after the Effective Time relating to any Contract that is not a Material Contract;
- (l) all Liabilities arising from or related to any environmental condition existing at, on or under the Premises, arising from or related to occurrences prior to, the Effective Time;
- (m) any product Liability or similar claim for injury to a Person or damage to property regardless of when made or asserted in connection with any products manufactured or produced by any of the Vendors prior to the Effective Time;

- (n) any recall, defect or similar claims of any products manufactured or sold or any service performed by the Vendors; and
- (o) all Liabilities in connection with, arising from or related to any Excluded Assets.

2.1.5 Non-Assignable Contracts

- (a) Neither this Agreement nor any Closing Document will constitute an assignment or an attempted assignment of the Material Contracts set out in Schedule 2.1.5(a) of the Vendors' Disclosure Schedules that are not assignable based upon the terms thereof or where consents to the assignment cannot be obtained (the "**Non-Assignable Contracts**"). The Vendors agree to assign any Non-Assignable Contracts to the Purchaser when such assignment is permitted.
- (b) To the extent permitted by Law, on the Closing Date, any Material Contracts that are Non-Assignable Contracts will be held by the applicable Vendor in trust for the Purchaser and the covenants and obligations thereunder will be performed by the Purchaser in the name of such Vendor and all benefits and obligations existing thereunder will be for the account of the Purchaser. The Vendors will take or cause to be taken such action in its name or otherwise as the Purchaser may reasonably require so as to provide the Purchaser with the benefits thereof and to effect collection of money to become due and payable under the Non-Assignable Contracts and such Vendor will promptly pay over to the Purchaser all money received by it in respect of all Non-Assignable Contracts less any reasonable expense incurred by such Vendor to provide the Purchaser with the benefits thereof and to effect collection of such money. Upon the Closing, the Vendors authorizes the Purchaser, to the extent permitted by Law and the terms of the Non-Assignable Contracts, at the Purchaser's expense, to perform all of the applicable Vendor's obligations under the Non-Assignable Contracts and constitutes the Purchaser its attorney to act in its name and on its behalf with respect thereto. The Purchaser will indemnify the Vendors and save it fully harmless from and against all loss, cost, damage, expense and liability suffered or incurred by the Vendors arising as a result of, in connection with, or relating in any manner to, any acts or omissions of the Purchaser made on behalf of the Vendors pursuant to this Section 2.1.5. If a Non-Assignable Contract is not validly assigned to the Purchaser within six (6) months after the Closing Date, such Non-Assignable Contract will, at the Purchaser's

sole option exercised by notice to the Vendors at any time after such date, be an Excluded Asset and all obligations of the Vendors to the Purchaser, or of the Purchaser to the Vendors (save and except any indemnity obligation with respect to acts or omissions prior to such date) with respect to such Non-Assignable Contract will terminate. There shall be no adjustment or reduction in the Purchase Price for any Non-Assignable Contract that becomes an Excluded Asset.

## 2.2 Purchase Price

- 2.2.1 The aggregate purchase price payable by the Purchaser to the the order and direction of the Vendors for the Purchased Assets is equal to **Six Million Two Hundred Fifty-One Thousand Four Hundred Dollars (\$6,251,400.00)** (the “**Purchase Price**”).
- 2.2.2 The Parties agree that the Purchase Price and the Assumed Liabilities (plus other relevant items) shall be allocated among the Vendors and the Purchased Assets for all purposes (including Tax and financial accounting) in accordance with Schedule 2.2.2 of the Vendors’ Disclosure Schedule.
- 2.2.3 The Purchaser acknowledges that the Purchase Price does not include any amount payable as HST for which the Purchaser shall be responsible, if applicable.

## 2.3 Insurance

- 2.3.1 From and after the Effective Time, the Purchaser will place its own insurance on the Purchased Assets and the Business.

## 2.4 Payment of Purchase Price

- 2.4.1 The Purchase Price shall be paid and satisfied as follows:
- (a) Subject to Subsection 2.4.1(d), at Closing the Purchaser shall pay to the order and direction of the Vendors, in partial satisfaction of the Purchase Price, the amount of One Million Dollars (\$1,000,000.00) by wire transfer (the “**Closing Cash Payment**”);
  - (b) The Purchaser shall take assignment of and assume the Accrued and Unpaid Bonuses estimated to be Nine Hundred Seventy-Three Thousand Eight Hundred and Twenty-Eight Dollars (\$973,828.00), which shall be credited towards the payment of the Purchase Price, and such Accrued and Unpaid Bonuses will be paid directly by the Purchaser to each applicable Transferred Employee on or prior to the Closing Date;

- (c) Subject to Subsection 2.4.1(d), Sections 4.4, 5.3.3, 5.3.5, 5.3.11, and 5.15, the remaining balance of the Purchase Price, being the amount of Four Million Two Hundred Seventy-Seven Thousand Five Hundred Seventy-Two Dollars (\$4,277,572.00) shall be satisfied by a promissory note payable by the Purchaser to the order and direction of the Vendors (collectively, the “**Promissory Note**”), bearing no rate of interest for ninety (90) days from the Closing Date and thereafter, if remaining unpaid, bearing interest at the rate of seven point five percent (7.5%) per annum, calculated monthly, payable within one hundred eighty (180) days of the Closing Date; provided that in the event the Promissory Note are not paid in full on or prior to such time, the Purchaser shall be granted an additional one hundred and eighty (180) days to repay the Promissory Note in full (the “**Extended Repayment Term**”) and monthly principal payments during such Extended Payment Term shall be Two Hundred and Fifty Thousand Dollars (\$250,000.00). The Purchaser shall have the privilege of prepaying the whole or any part of the principal amount of the Promissory Note outstanding at any time and from time to time without notice. The principal amount of each of the Promissory Note shall be secured by a second charge on the Purchased Assets, as well as secured by a pledge of the issued shares of the Purchaser (collectively, the “**Promissory Note Security Documentation**”), provided that such pledge does not negatively impact the Purchaser’s ability to obtain the requisite financing for the transaction contemplated hereunder, as determined in the Purchaser’s sole discretion, acting reasonably.
- (d) The Parties acknowledge and agree that the Closing Cash Payment shall be increased, subject to the Purchaser’s lender’s approval of additional loan proceeds to the Purchaser and in such case, by seventy-five percent (75%) of any funds raised by the Purchaser above and beyond One Million Dollars (\$1,000,000.00), which amount shall be added to the Closing Cash Payment. In the event that the Closing Cash Payment is increased as a result thereof, the Promissory Note shall be correspondingly decreased, pro rata, in an amount equal to such aforesaid increase of the Closing Cash Payment.

## 2.5 Payment of Sales Taxes and Fees and Tax Elections

- 2.5.1 All amounts payable by the Purchaser to the Vendors pursuant to this Agreement do not include any Sales Tax, and all Sales Taxes are the responsibility and for the account of the Purchaser. Upon the Purchaser’s request, the Purchaser and the Vendors shall jointly execute the necessary elections under section 167 of the *Excise Tax Act* (Canada) to have the sale of

the Purchased Assets take place on an HST-free basis under Part IX of the *Excise Tax Act* (Canada). The Purchaser shall file the election in the manner and within the time prescribed by the relevant legislation.

### **ARTICLE 3 REPRESENTATIONS AND WARRANTIES**

#### **3.1 Representations and Warranties of the Vendors, AUSA and Lola**

Each of the Vendors, AUSA and Lola jointly and severally represent and warrant to and in favour of the Purchaser, as of the date hereof, as set forth in Schedule 3.1 and acknowledge that the Purchaser is relying upon such representations and warranties in entering into this Agreement and purchasing the Purchased Assets notwithstanding any investigation made at any time by or on behalf of the Purchaser.

#### **3.2 Representations and Warranties of the Purchaser**

The Purchaser represents and warrants to and in favour of the Vendors as of the date hereof as set forth in Schedule 3.2 and acknowledges that the Vendors are relying upon such representations and warranties in entering into this Agreement notwithstanding any investigation made at any time by or on behalf of the Vendors.

#### **3.3 Survival of Representations and Warranties**

3.3.1 All representations and warranties made by the Vendors in this Agreement shall survive the Closing as follows:

- (a) the representations and warranties set forth in the following Sections of Schedule 3.1 shall survive for a period ending six years following the Closing Date: 3.1.1 [*Organization and Corporate Matters*] and 3.1.9 [*Residency*], (collectively, the **“Vendors’ Fundamental Representations**);
- (b) the representations and warranties set forth in the following Section of Schedule 3.1 shall survive the Closing and continue for a period ending ninety (90) days following the expiration of all limitation periods pursuant to applicable Laws, including all periods allowed for objecting to and appealing from the determination of any proceedings relating to any assessment or reassessment of the Business in respect of any taxation period to which such representations and warranties or indemnity extend, taking into account any waiver or similar document extending the same: 3.1.8[*Tax Matters*]; and
- (c) all of the other representations and warranties of the Vendors, AUSA and Lola in this Agreement and in any Closing Document shall survive the Closing and continue for a period of twenty-four (24) months from the date hereof.

After such periods, the Vendors, AUSA and Lola shall have no further liability hereunder with respect to such representations and warranties except for (i) Claims made within such periods in accordance with the terms of this Agreement and (ii) pursuant to Section 3.3.4 below.

3.3.2 All representations and warranties made by the Purchaser in this Agreement shall survive the Closing as follows:

- (a) the representations and warranties set forth in the following Sections of Schedule 3.2: 3.2.1[*Organization*] and 3.2.2 [*Capacity and No Violation*] (collectively, the “**Purchaser Fundamental Representations**”) shall survive for a period ending six years following the Closing Date; and
- (b) all of the other representations and warranties of the Purchaser in this Agreement and in any Closing Document shall survive the Closing and continue for a period of twenty-four (24) months from the date hereof.

After such periods, the Purchaser shall have no further liability hereunder with respect to such representations and warranties except for (i) Claims made within such periods in accordance with the terms of this Agreement and (ii) pursuant to Section 3.3.4 below.

3.3.3 The covenants, obligations and agreements of each Party contained in this Agreement and in any Closing Document shall survive the Closing and continue without time limit until performed.

3.3.4 Notwithstanding anything herein contained to the contrary, in the case of any breach by a Party of any representation or warranty involving Fraud, gross negligence or wilful misconduct, there shall be no time limitation on the right of the other Parties to bring any Claim against the offending Party in respect of such breach and to be indemnified in respect thereof.

## **ARTICLE 4 COVENANTS**

### **4.1 Confidentiality and Non-Disclosure**

Each Vendor shall treat as confidential and safeguard, and instruct each of its Representatives to treat as confidential and safeguard, all Confidential Information regarding the Purchaser, the Business and their respective Affiliates, other than information that (A) becomes publicly available through no breach of this Agreement by such Vendor, (B) is disclosed to such Vendor or its Representatives by a third party (provided such third party is not, to the Knowledge of such Vendor, in breach of any confidentiality obligation in respect of such information), or (C) is independently developed by such Vendor or its Representatives; provided, however, that, in the event such Vendor or any of its Representatives is required by Law or becomes legally compelled (including by deposition,

interrogatory, request for documents, subpoena, civil investigation, Order or other legal process) to disclose any of such information, such Person may do so without liability, provided that (D) if legally permitted, (i) such Person promptly notifies the Purchaser prior to any such disclosure so that the Purchaser may seek an appropriate remedy to prevent such production, and request the person demanding such production to allow the Purchaser a reasonable period of time to seek such remedy; and (ii) reasonably cooperates with the Purchaser, at the Purchaser's sole costs and expenses, in any attempts it may make to obtain a protective order or other appropriate assurance or remedy that confidential treatment will be afforded such information.

#### **4.2 Accounts Receivable**

The Vendors shall provide to the Purchaser on the second (2<sup>nd</sup>) Business Day prior to the Closing Date an up-to-date list (accurate to within not more than thirty (30) days of the Closing Date) of all outstanding Accounts Receivable. The Vendors shall not write-off, write-down or take a reserve against, other than reserves for doubtful accounts consistent with past practice of the Vendors, any existing Account Receivable without the prior written consent of the Purchaser, except for usual adjustments made in the ordinary course of business for prompt payment.

#### **4.3 Consents and Waivers**

The Parties shall cooperate with one another and use commercially reasonable efforts to obtain by the Effective Time all consents and waivers of third parties required to consummate the transactions contemplated by this Agreement, including, but not limited to, consents from third party lenders or suppliers of the Vendors. If any consent, approval or authorization necessary to preserve any right or benefit under any Material Contract to which a Vendor is a party is not obtained prior to the Closing, the Vendors shall, subsequent to the Closing, cooperate with the Purchaser in attempting to obtain such consent, approval or authorization as promptly thereafter as practicable. If such consent, approval or authorization cannot be obtained, the Vendors shall use their commercially reasonable efforts to provide the Purchaser with the rights and benefits of the affected Non-Assignable Contracts for the term thereof, and, if the Vendors provide such rights and benefits, the Purchaser shall assume all obligations and burdens thereunder and in accordance with Section 2.1.5.

#### **4.4 Satisfaction of Excluded Liabilities, Thomas Indebtedness**

Forthwith following the Closing Date and prior to the Purchaser's payment of the monies outstanding under the Promissory Note, the Vendors, AUSA and Lola, respectively, shall (i) re-pay to Thomas any and all shareholder loans and any other outstanding monies owing to Thomas to date, which amount to an aggregate of One Hundred Eight Thousand Three Hundred Five Dollars and Eighty-One Cents (\$108,305.81) including principal and accrued interest (collectively, the "**Thomas Indebtedness**"); and (ii) satisfy all of their respective obligations with respect to the Excluded Liabilities set out in Schedule 4.4 of the Vendors' Disclosure Schedules, including but not limited to the payment of any and all

outstanding Taxes, accrued but unpaid Wages up to and including the Closing Date. The Vendors shall provide documentation satisfactory to the Purchaser, acting reasonably, evidencing such satisfaction of the Excluded Liabilities prior to the Purchaser's payment of the monies outstanding under the Promissory Note, failing which any Excluded Liabilities which remain unpaid may be paid by the Purchaser and set-off against the monies owing under the Promissory Note. Additionally, in the event that the amounts owing pursuant to the Thomas Indebtedness are not repaid to Thomas prior to the Purchaser's payment of the monies outstanding under the Promissory Note, then the amounts remaining unpaid shall be set-off against monies owing under the Promissory Note.

#### 4.5 Change Names of Vendors

As soon as reasonably practicable following the Closing Date, each Vendor shall, and shall cause each of its Affiliates to, discontinue further use of the names including "Alps", "Larssen", "Achieve", "Apis", "Larssen Greenhouse Consulting" and any variations thereof, except where legally required to identify the Vendors or such Affiliates until its name has been changed to another name. Not later than thirty (30) days after the Closing Date, each Vendor shall, and shall cause each of its Affiliates to, file articles of amendment or otherwise take such corporate action as may be necessary to change the corporate name of the Vendors and each such Affiliate to a name having no visual or sound similarity to such names.

#### 4.6 Customer and Other Business Relationships

After the Closing, the Vendors shall cooperate with the Purchaser in the Purchaser's efforts to continue and maintain for the benefit of the Purchaser those business relationships of the Vendors existing prior to the Closing and relating to the Business to be operated by the Purchaser after the Closing, including relationships with lessors, employees, regulatory authorities, licensors, customers, suppliers and others, and the Vendors will use commercially reasonable efforts to satisfy the Excluded Liabilities in a manner that is not detrimental to any of such relationships. The Vendors will refer to the Purchaser all inquiries relating to such Business post-Closing. Notwithstanding any provision to the contrary herein, in no event shall the Vendors nor any of their Affiliates contact any creditor party of the Business in respect of the Business or Purchased Assets without the Purchaser's express written consent.

#### 4.7 Employees

4.7.1 Conditional upon the completion of the Closing, the Purchaser shall offer employment to each Employee listed in Schedule 4.7.1 (collectively, the "**Offered Employees**") as at the Effective Time on terms and conditions which are substantially similar in the aggregate to those upon which such Offered Employee is employed by the Vendors, as applicable, at the Effective Time. The Employees listed in Schedule 4.7.1(b) (collectively, the "**Terminated Employees**") shall be terminated by the Vendors prior to the opening of business on the Closing Date.



- 4.7.2 Subject to the foregoing, the Purchaser will structure the compensation of the Transferred Employees in accordance with its existing policies and will not be required to provide cash equivalency or identical compensation ranges. The obligations of the Purchaser with respect to any Transferred Employee shall commence on (and not before) the date such Transferred Employee starts work for the Purchaser.
- 4.7.3 For greater certainty, the Purchaser shall have no obligation to offer employment to any Employee who receives benefits under any long-term disability plan nor any Employee not comprising the Offered Employees.
- 4.7.4 The Vendors shall be responsible for all wages, sick leave, and other remuneration benefits (including wireless phone and car benefits) along with any expense reimbursements (collectively, “**Wages**”) for all of the Transferred Employees earned or accrued up to the Effective Time, whether or not paid or payable before or after Closing, but excluding accrued and unpaid vacation pay for the Transferred Employees as at the Closing Date and the Accrued and Unpaid Bonuses which shall be the sole cost and responsibility of the Purchaser. The Purchaser shall be responsible for all Wages with respect to the Transferred Employees accrued and earned after the Effective Time. For greater clarity, the tenure and years of service of all Transferred Employees shall be assumed by and be the responsibility of the Purchaser, including any applicable termination pay and/or severance pay earned or accrued up to the Effective Time. In addition, the Purchaser agrees to also assume and be responsible for all accrued vacation pay, earned vacation, personal days, flex days (or accrued overtime) and holiday pay earned or accrued up to the Effective Time for all Transferred Employees.
- 4.7.5 The Purchaser shall indemnify and save the Vendors harmless of and from and against all actions, causes of action, suits, claims, demands, grievances, arbitration awards and any costs whatsoever which may be asserted by any Transferred Employee against the Vendors in respect of any termination of employment of such Transferred Employee by the Purchaser after the Effective Time.
- 4.7.6 The Vendors shall indemnify and save the Purchaser harmless of and from all actions, causes of action, suits, Wages, claims, demands, grievances, arbitration awards and any costs whatsoever: (a) which may be asserted by any Employee or former employee, including any Released Employee, Terminated Employee and Transferred Employee against the Purchaser and which arise by reason of or in connection with the employment with a Vendor of such Employee or former employee or the termination of the employment of such Employee or former employee by a Vendor (including, without limitation, any complaint for workplace harassment or discrimination) arising from events prior to the Effective Time and any bonuses accrued and/or payable to any such Employee or former employee, prior to the Effective Time irrespective of whether such bonus is payable following the Effective Time other than the Accrued and

Unpaid Bonuses; and (b) which may be asserted by any Employee who is not a Transferred Employee, including but not limited to, the Released Employees' and the Terminated Employees' Wages, accrued but unpaid vacation pay, termination pay or pay in lieu thereof and/or severance pay.

#### **4.8 Actions to Satisfy Closing Conditions**

Subject to the provisions of this Article 4, each Party will take all such action as is within its power to control, and will use its reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all conditions which are for the benefit of any Party. Subject to the provisions of this Article 4 and subject to compliance with Laws, the Parties will cooperate in exchanging such information and providing such assistance as may be reasonably required in connection with the foregoing.

#### **4.9 Post-Closing Access**

After the Closing, for a period of seven (7) years, upon reasonable notice, each of the Purchaser and the Vendors will give, or cause to be given, to the representatives, employees, counsel and accountants of the other, access, during normal business hours, to all Books and Records which relate to periods prior to the Closing, and will permit such Persons to examine and copy such Books and Records to the extent reasonably requested by the other Party in connection with the preparation of tax and financial reporting matters, audits, legal proceedings, governmental investigations and other commercially reasonable business purposes.

#### **4.10 Reporting**

Commencing thirty (30) days following the Closing Date and until the Promissory Note is repaid in full, the Purchaser hereby covenants and agrees to provide monthly reports to the Vendors regarding the status of the Purchased Assets and the Assumed Liabilities in such form and content as is requested by the Vendors, acting reasonably.

#### **4.11 Assistance with Excluded Liabilities**

Except as otherwise provided herein, forthwith following the Closing Date, the Purchaser shall cooperate with the Vendors to satisfy all of obligations of the Vendors with respect to the Excluded Liabilities, but excluding any payment of monies related thereto.

#### **4.12 Non-Disparagement**

From and after the Closing Date, each Party agrees not to engage in or authorize any pattern of conduct that involves the making or publishing of written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumours, allegations, negative reports or comments) which are disparaging, deleterious or damaging

to the integrity, reputation or goodwill of the other Parties, including any of its directors, officers, employees or agents.

## ARTICLE 5 CLOSING ARRANGEMENTS

### 5.1 Closing

The transactions contemplated herein shall be completed and take effect as of the Effective Time by way of electronic closing.

### 5.2 Closing Obligations

In addition to any other documents to be delivered under other provisions of this Agreement, at the Closing:

5.2.1 the Vendors, Lola and AUSA shall deliver to the Purchaser, each in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a bill of sale or general conveyance for all of the Purchased Assets that are tangible personal property executed by the applicable Vendor;
- (b) an assignment of all of the Purchased Assets that are intangible personal property (the “**Assignment and Assumption Agreement**”) executed by the Vendors;
- (c) *Intentionally Deleted;*
- (d) *Intentionally Deleted;*
- (e) assignments of all Intellectual Property and separate assignments of all registered trademarks, patents and copyrights executed by the Vendors, as applicable, and all other persons having an interest therein;
- (f) such other deeds, bills of sale, assignments, certificates of title, documents and other instruments of transfer and conveyance as

may reasonably be requested by the Purchaser, executed by the Vendors and such other persons as may be necessary to convey good and marketable title to the Purchased Assets, free and clear of all Encumbrances;

- (g) a certificate executed by the Vendors, AUSA and Lola as to the accuracy of their respective representations and warranties as of the date of this Agreement and as of the Closing in accordance with Section 5.3.1 and as to its compliance with and performance of their respective covenants and obligations to be performed or complied with at or before the Closing in accordance with Section 5.3.1;
- (h) a certificate of an officer of each of the Vendors, AUSA and Lola, respectively, certifying and attaching all requisite resolutions approving the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement and the change of name contemplated by Section 4.5, accompanied by the requisite documents for amending the relevant constating records of the Vendors required to effect such change of name in form sufficient for filing with the appropriate Governmental Authority;

5.2.2 the Purchaser will deliver to the Vendors, AUSA and/or Lola, as applicable:

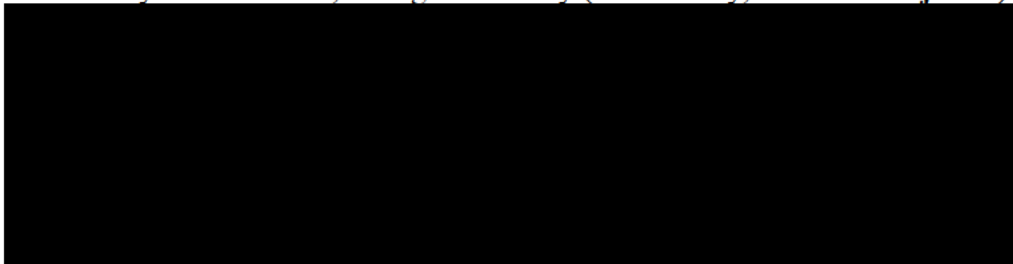
- (a) subject to Section 2.4.1, the Closing Cash Payment, by wire transfer to the order and direction of the Vendors, in writing delivered to the Purchaser at least three (3) Business Days prior to the Closing Date and the duly executed Promissory Note;
- (b) duly executed Promissory Note Security Documentation, in a form agreeable to the Parties, acting reasonably;
- (c) the Assignment and Assumption Agreement executed by the Purchaser;
- (d) *Intentionally Deleted*;
- (e) a certificate executed by the Purchaser as to the accuracy of its representations and warranties as of the date of this Agreement and as of the Closing in accordance with Section 5.4.1 and as to its compliance with and performance of its covenants and obligations to be performed or complied with at or before the Closing in accordance with Section 5.4.1; and

- (f) an indemnification agreement in favour of the Vendors, AUSA and Lola, duly executed by the Purchaser and Thomas indemnifying the the Vendors, AUSA and Lola for any and all amounts, assessments, claims, demands, actions or suits arising from or related to any Taxes, whether or not assessed by the appropriate Governmental Authority, for the matters set out in Section 5.2.2(f) of the Vendors' Disclosure Schedules.

### 5.3 Purchaser's Conditions

The Purchaser will be obliged to complete the Closing only if each of the conditions precedent set out in the following Subsections of this Section 5.3 have been satisfied in full at or before the Closing. Each of such conditions precedent is for the exclusive benefit of the Purchaser and the Purchaser may, at its sole discretion, waive any of them in whole or in part in writing.

- 5.3.1 At the Closing, all of the representations and warranties of the Vendors, AUSA and Lola made in or pursuant to this Agreement shall be true and correct in all material respects as if made at and as of the Closing Date (regardless of the date as of which the information in this Agreement or in any schedule or other document made pursuant hereto is given). At the Closing, the Vendors shall have observed or performed in all respects all of the obligations, covenants and agreements that are to be performed by them at or before the Closing Date. The Purchaser shall have received immediately prior to the Closing a certificate from a senior officer of each of the Vendors, AUSA and Lola certifying, to the best of such officer's knowledge, information and belief (after due enquiry), that the conditions in this Section 5.3 have been satisfied.
- 5.3.2 On or prior to the Closing Date, AUSA and the Purchaser shall enter into a services agreement whereunder the Purchaser shall provide ongoing services to AUSA related to the development of new assets in cannabis production at prevailing market rates in the form and on terms and conditions satisfactory to AUSA and the Purchaser; provided that in the event such agreement is not entered into on or prior to the Closing Date, the Purchaser shall not render any services to AUSA until such agreement is duly executed by such parties.
- 5.3.3 On or prior to the Closing Date, the Purchaser shall, enter into a services agreement with AUSA for the projects AUSA is developing in New Jersey, U.S.A, and New York, U.S.A., in the form and on terms and conditions satisfactory to the Parties, acting reasonably (collectively, the "US Projects").



[REDACTED - FINANCIAL ARRANGEMENTS OF  
SERVICES AGREEMENTS]

- 5.3.4 On or prior to the Closing Date, the Purchaser shall have obtained adequate financing to close the transaction contemplated hereunder, as determined by the Purchaser in its sole and absolute discretion.
- 5.3.5 All documentation relating to the sale and purchase of the Purchased Assets including the Closing Documents and the special resolution of shareholders of the Vendors, relating to the due authorization and completion of such sale and purchase and all actions and proceedings taken on or prior to the Closing in connection with the performance by the Vendors of their obligations under this Agreement, will be satisfactory to the Purchaser, acting reasonably. The Purchaser will have received copies of the Closing Documents, including, without limitation, the Closing Documents described in Section 5.2.1, and all such documentation or other evidence as it may reasonably request in order to establish compliance with the terms and conditions of this Agreement, the consummation of the transactions contemplated hereby and the taking of all corporate proceedings in connection therewith in form (as to certification and otherwise) and substance satisfactory to the Purchaser and its counsel.
- 5.3.6 (i) all consents or approvals from, or notifications to, any landlord, lessor or other third Person required to assign the Purchased Assets (including but not limited to the Material Contracts) to the Purchaser will have been obtained or given on or before the Closing and be in full force and effect at the Closing and (ii) all consents, approvals, Orders and authorizations of any Person or Governmental Authority (or registrations, declarations, filings or recordings with any of them) required for the Closing (other than routine post-closing notifications or filings) shall have been obtained or made on or before the Effective Time.
- 5.3.7 *Intentionally Deleted.*
- 5.3.8 The Vendors shall have delivered a release in favour of Thomas, Shirley Achong and Agnes Larssen of and from all actions, claims and/or demands that the Vendors or any one (1) of them may have against either one (1) of them in respect of Thomas Larssen and/or Agnes Larssen's positions as officers, directors, shareholders, guarantors and/or employees of the Vendors or any one (1) of them, as applicable, including any and all liability arising from or related to the Vendors' obligations pursuant to this Agreement, in form and substance satisfactory to the Purchaser, acting reasonably.
- 5.3.9 275, AUSA, and Lola shall have delivered a release of Thomas of and from all actions, claims, and/or demands that they or any one (1) of them may have

against Thomas arising from or related to the 257 Shareholder Agreement, in form and substance satisfactory to the Parties, acting reasonably.

- 5.3.10 On or prior to the Closing Date, Thomas shall sell the Thomas Shares to AUSA and Lola, respectively, in proportion to their existing percentage interest in 275, for the aggregate purchase price of One Dollar (\$1.00).
- 5.3.11 On or prior to the Closing Date, the Vendors, AUSA and Lola shall deliver an undertaking to Thomas to forthwith repay to Thomas the Indemnity Holdback (as defined under the SPA) amount of Eight Hundred and Fifty Thousand Dollars (\$850,000.00) (the “**SPA Outstanding Indemnity Holdback**”) by either, at AUSA’s sole and absolute discretion, (i) the payment in cash or (ii) the issuance of AUSA Shares at a deemed price of \$0.045 per AUSA Share, subject to regulatory and exchange approval and revocation of the CTO, and the Vendors, AUSA and Lola shall use commercially reasonable efforts to obtain such aforesaid regulatory and exchange approvals and secure the revocation of the CTO in a timely manner following Closing.
- 5.3.12 On or prior to the Closing Date, the Vendors, AUSA and Lola shall deliver an undertaking to Thomas to repay to Thomas a working capital loan in the amount of Five Hundred and Seventy-Five Thousand Dollars (\$575,000.00) (the “**Working Capital Loan**”) as follows:
- (a) One Hundred and Seventy-Five Thousand Dollars (\$175,000.00) of the Working Capital Loan is to be set-off against the Promissory Note; and
  - (b) the remaining balance of the Working Capital Loan, being the aggregate amount of Four Hundred Thousand Dollars (\$400,000.00), shall be repaid in equal monthly installments of Twenty Thousand Dollars (\$20,000.00), commencing as of January 1, 2024, until repaid in full.

#### 5.4 Vendors’ Conditions

The Vendors will be obliged to complete the Closing only if each of the conditions precedent set out in the following Subsections of this Section 5.4 have been satisfied in full at or before the Closing. Each of such conditions precedent is for the exclusive benefit of the Vendors and the Vendors may, at their sole discretion, waive any of them in whole or in part in writing.

- 5.4.1 At the Closing, all of the Purchaser’s representations and warranties made in or pursuant to this Agreement will be true and correct in all respects as if made at and as of the Closing Date. At the Closing, the Purchaser shall have observed or performed in all respects all of the obligations, covenants and agreements to be performed by it at or before the Closing. The Vendors shall have received immediately prior to the Closing a certificate from a senior officer of the Purchaser certifying, to the best of such officer’s knowledge, information and

belief (after due enquiry), that the conditions in this Section 5.4 have been satisfied.

- 5.4.2 All documentation relating to the sale and purchase of the Purchased Assets including the Closing Documents relating to the due authorization and completion of such sale and purchase and all actions and proceedings taken on or prior to the Closing in connection with the performance by the Purchaser of its obligations under this Agreement, will be satisfactory to the Vendors and its counsel. The Vendors will have received delivery of the items referred to in Section 5.2.2 and copies of all of the Closing Documents, including, without limitation, the Closing Documents described in Section 5.2.2, and all such documentation or other evidence as they may reasonably request in order to establish compliance with the terms and conditions of this Agreement, the consummation of the transactions contemplated hereby and the taking of all corporate proceedings in connection therewith in form (as to certification and otherwise) and substance satisfactory to the Vendors and their counsel.
- 5.4.3 The Purchaser shall have made the Closing Cash Payment contemplated in Section 2.4.1(a).
- 5.4.4 Thomas shall have executed the documents necessary to give effect to the transfer of the Thomas Shares as set out in Section 5.3.11, in a form satisfactory to the Vendors, acting reasonably.
- 5.4.5 The Vendors shall have caused the transfer of the Bright Green Shares to the Purchaser, and obtained any and all third party consents required in order to complete such transfer.
- 5.4.6 Thomas, Shirley Achong, and Agnes Larssen shall have resigned from their offices as director and/or officer, respectively of 275, ALPS B.V., Larssen and Larssen GC, as applicable, effective as of the Closing Date, and shall have delivered a release in favour of the Vendors in form and substance satisfactory to the Parties, acting reasonably, other than with respect to the Vendors' obligations pursuant to this Agreement or any closing document delivered hereunder.
- 5.4.7 Thomas shall have delivered a release of 275, AUSA, and Lola of and from all actions, claims, and/or demands that he may have against 275, AUSA or Lola arising from or related to the 257 Shareholder Agreement, in form and substance satisfactory to the Parties, acting reasonably.
- 5.4.8 The Purchaser shall have managed the plan for the payment of the Accrued and Unpaid Bonuses to each applicable Transferred Employee.



## 5.5 Waiver

Either Party may waive, by notice in writing to the other Party, any closing condition set forth herein which is for its benefit. No waiver by a Party of any condition, in whole or in part, will operate as a waiver of any other condition.

## 5.6 Termination

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

5.6.1 by the mutual written consent of the Vendors, AUSA, Lola and the Purchaser;

5.6.2 by the Purchaser by written notice to the Vendors, AUSA and Lola if:

- (a) the Purchaser is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by the Vendors, AUSA and/or Lola under this Agreement that would give rise to the failure of any of the conditions specified in Section 5.3 and such breach, inaccuracy or failure has not been cured by the Vendors within ten (10) days of Vendors' receipt of written notice of such breach from the Purchaser; or
- (b) any of the conditions set forth in Section 5.3 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Closing Date; unless such failure shall be due to the failure of the Purchaser to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it before the Closing;

5.6.3 by the Vendors by written notice to the Purchaser if:

- (a) the Vendors, AUSA and Lola are not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by the Purchaser under this Agreement that would give rise to the failure of any of the conditions specified in Section 5.4 and such breach, inaccuracy or failure has not been cured by the Purchaser within ten (10) days of the Purchaser's receipt of written notice of such breach from the Vendors; or
- (b) any of the conditions set forth in Section 5.4 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Closing Date; unless such failure shall be due to the failure of the Vendors to perform or comply with any of the

covenants, agreements or conditions hereof to be performed or complied with by it before the Closing;

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

In the case of any termination of this Agreement pursuant to this Section 5.6, this Agreement shall be of no further force and effect except for Sections 7.3, 7.4, 7.8, 7.9 and 7.11 which shall continue in full force and effect. No termination of this Agreement shall relieve any Party from liability for any breach of this Agreement.

## **5.7 Transition**

The Parties acknowledge that there is a period of transition after the Closing Date to implement fully the transfer of the Purchased Assets and Assumed Liabilities to the Purchaser from the Vendors and that transactions relating to revenues, expenses and balance sheet activities, may have continued after the Effective Time through the Vendors' accounts that belong to or are the responsibility of the Purchaser. Accordingly, after the Closing Date, the Parties agree to cooperate in accounting for all such revenue, expenses and balance sheet activities, consistent with this Agreement.

## **5.8 Indemnification by the Vendors, Lola and AUSA**

- 5.8.1 *Liability.* Subject to Sections 3.3.1 and 5.10.2, the Vendors, Lola and AUSA shall jointly and severally indemnify, defend and save harmless the Purchaser and each of its Representatives from and against any and all Loss suffered or incurred by them, as a direct or indirect result of or arising in connection with or related in any manner whatsoever to any inaccuracy, misrepresentation or breach of any representation or warranty made or given by such Vendor in Section 3.1 of this Agreement;
- 5.8.2 Subject to Sections 3.3.1 and 5.10.2, the Vendors, Lola and AUSA shall jointly and severally indemnify, defend and save harmless the Purchaser and its Representatives from and against any and all Loss suffered or incurred by them, as a direct or indirect result of or arising in connection with or related in any manner whatsoever to:
- (a) any failure by the Vendors, Lola and/or AUSA to observe or perform any covenant or obligation contained in this Agreement;
  - (b) any Claim related to the Excluded Assets or to any failure of the Vendors, Lola and/or AUSA, to fully satisfy and discharge any Excluded Liabilities; and

- (c) any Claim or potential Claim arising from or related to the Statement of Claim Court File No. CV-19-27967 or Case No. 3:22-cv-08122-DWL.

## 5.9 Indemnification by the Purchaser

5.9.1 *Liability.* Subject to Sections 3.3.2 and 5.10.1, the Purchaser shall indemnify, defend and save harmless the Vendors and each of their respective Representatives from and against any and all Loss suffered or incurred by them, as a direct or indirect result of, or arising in connection with or related in any manner whatsoever to:

- (a) any inaccuracy, misrepresentation or breach of any representation or warranty made or given by the Purchaser in Section 3.2 to this Agreement; or
- (b) any failure by the Purchaser to observe or perform any covenant or obligation contained in this Agreement.

## 5.10 Limitations on Indemnification

5.10.1 *Limitations on Indemnification by the Purchaser.* Except in connection with the Purchaser Fundamental Representations and Section 5.9.1(b), and in the absence of Fraud, gross negligence or wilful misconduct by the Purchaser (for which, in each case, there shall be no limitations or thresholds):

- (a) no Claims for indemnification may be made by the Vendors against the Purchaser in respect of any Loss resulting from any matter referred to in Section 5.9.1(a) unless and until the aggregate Losses suffered or incurred by the Vendors and/or any of their Representatives, taken as a whole, collectively exceed Fifty Thousand Dollars (\$50,000.00), in which event only the amount of all such Losses in excess of such amount may be recovered by the Vendors;

provided that in no case shall the Purchaser's aggregate liability hereunder exceed the Purchase Price.

5.10.2 *Limitation on Indemnification by the Vendors.* Except in connection with the Vendors' Fundamental Representations and Section 5.8.2(a), and in the absence of Fraud, gross negligence or wilful misconduct by the Vendors (for which, in each case, there shall be no limitations or thresholds):

- (a) no Claims for indemnification may be made by the Purchaser against the Vendors in respect of any Loss resulting from any matter referred to in Section 5.8.1 unless and until the aggregate Losses suffered or incurred by the Purchaser and/or any of their Representatives, taken as a whole, collectively exceed Fifty Thousand Dollars (\$50,000.00), in which event only the amount of all such Losses in excess of such amount may be recovered by the Purchaser;

provided that in no case shall the Vendors' aggregate liability hereunder exceed the Purchase Price.

## 5.11 Direct Claims

Any Direct Claim shall be asserted by giving the Indemnifier reasonably prompt written notice thereof, but in any event not later than ninety (90) days after the Indemnified Party becomes aware of acts, omissions or facts that may give rise to such Direct Claim. Such notice to the Indemnifier shall describe the Direct Claim in reasonable detail and shall indicate, if reasonably practicable, the estimated amount of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifier shall then have a period of thirty (30) days within which to respond in writing to such Direct Claim (the “**Response Period**”). If the Indemnifier does not so respond within the Response Period, the Indemnifier shall be deemed to have rejected such Claim, and in such event the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party. If the Indemnifier agrees prior to the expiration of the Response Period as to the validity of the Direct Claim, the Indemnifier shall promptly pay to the Indemnified Party the amount of such Direct Claim forthwith upon such amount being quantified. If the Parties fail to agree as to the validity of the Direct Claim or its amount, any Party may refer the matter to binding arbitration as set forth in Article 6.

## 5.12 Notice of Third Party Claims

If an Indemnified Party receives notice of the commencement or assertion of any Third Party Claim, the Indemnified Party shall give the Indemnifier reasonably prompt notice thereof, but in any event no later than thirty (30) days after receipt of such notice of such Third Party Claim. Such notice to the Indemnifier shall describe the Third Party Claim in reasonable detail and shall indicate, if reasonably practicable, the estimated amount of the Loss that has been or may be sustained by the Indemnified Party.

## 5.13 Defence of Third Party Claims

5.13.1 *Defence by Indemnifier.* Subject to Section 5.13.2, the Indemnifier may participate in or, other than for a Third Party Claim for Tax, assume the defence of any Third Party Claim by giving notice to that effect to the Indemnified Party not later than thirty (30) days after receiving notice of that Third Party Claim (the “**Notice Period**”) provided the Indemnifier concurrently (i) furnishes evidence to the Indemnified Party, and to its satisfactory, of its financial ability

to indemnify the Indemnified Party and (ii) irrevocably acknowledges in writing complete responsibility for, and agrees to indemnify the Indemnified Party in respect of, such Third Party Claim. The Indemnifier's right to do so shall be subject to the rights of any insurer or other party who has potential liability in respect of that Third Party Claim. The Indemnifier agrees to pay all of its own expenses of participating in or assuming such defence. The Indemnified Party shall cooperate in good faith in the defence of each Third Party Claim, even if the defence has been assumed by the Indemnifier, and may participate in such defence assisted by counsel of its own choice at the cost and expense of the Indemnifier, provided that the Indemnifier and its legal counsel shall lead the defence. The Indemnifier shall not enter into any compromise or settlement of any Third Party Claim without obtaining the prior written consent of the Indemnified Party.

5.13.2 *Defence by Indemnified Party.* If the Indemnified Party has not received the notice, satisfactory evidence of financial ability and the acknowledgement, within the Notice Period that the Indemnifier has elected to assume the defence of such Third Party Claim, the Indemnified Party may, at its option, elect to settle or compromise the Third Party Claim or assume such defence, assisted by counsel of its own choosing and the Indemnifier shall be liable for all reasonable costs and expenses paid or incurred in connection therewith and any Loss suffered or incurred by the Indemnified Party with respect to such Third Party Claim. In addition, if at any time, the Indemnifier fails to take reasonable steps necessary to defend diligently a Third Party Claim, the Indemnified Party may, within thirty (30) days after giving notice that the Indemnified Party bona fide believes on reasonable grounds that the Indemnifier has failed to take such steps, at its option, elect to assume the defence of and to compromise or settle the Third Party Claim assisted by counsel of its own choosing and the Indemnifier shall be liable for all reasonable costs and expenses paid or incurred in connection therewith. Furthermore, the Indemnifier may not assume and conduct the defence of any Third Party Claim if such Third Party Claim seeks any non-monetary relief; provided, further, that the Indemnified Party may elect to assume the defence or otherwise deal with any (or any part of) such Third Party Claim at the Indemnifier's expense if (i) the Indemnified Party's counsel advises that a conflict of interest exists or may arise in the event the Indemnifier elects to control or defend any Third Party Claim, (ii) the Claim relates to or arises in connection with any criminal or regulatory matter, (iii) the Claim involves a dispute with a material supplier or customer of the Business; or (iv) the Indemnified Party's counsel advises that the Claim would reasonably be expected to result in liability in excess of the maximum amount for which the Indemnifier is liable with regard to such Claim.

5.13.3 *Seizure.* The Purchaser and the Vendors shall cooperate in a good faith manner in respect of any purported, alleged or valid Third Party Claim that could result in a seizure of the Purchased Assets or any other assets of the Purchaser or of the Business after the date hereof and shall keep each other informed of the status and progress thereof. If for any reason the Purchased Assets or any other

assets of the Purchaser or of the Business are the subject of a seizure after the date hereof due to an alleged, purported or valid Third Party Claim, the Purchaser shall immediately inform the Vendors in writing of such seizure and require that the Vendors lift and cancel the seizure as soon as practicable, and in no case later than three (3) Business Days, from the receipt of such notice. The Purchaser and the Vendors shall cooperate in good faith in the defence of the seizure. Should the Vendors be unable to lift and cancel the seizure within the aforesaid time period (either by paying the Claim, posting an adequate bond or obtaining a judgment), the Purchaser shall be entitled to take such steps as it determines, in its sole discretion, are necessary to lift and cancel the seizure without prejudice to its right to make a Direct Claim against the Vendors for any Loss suffered or incurred by it in respect of the seizure and the lifting and cancellation of the seizure. The Purchaser shall advise the Vendors in writing of the steps it was required to take to lift and cancel the seizure. The Purchaser shall be entitled to assert a Claim against the Vendors by way of Direct Claim in order to recover any and all Losses incurred in respect of the seizure and the lifting and cancellation of the seizure, the whole in accordance with Section 5.11 hereof.

#### **5.14 Assistance for Third Party Claims**

The Indemnifier and the Indemnified Party shall use all reasonable efforts to make available to the Party which is undertaking and controlling the defence of any Third Party Claim (the “**Defending Party**”):

- 5.14.1 those employees whose assistance, testimony or presence is necessary to assist the Defending Party in evaluating and in defending any Third Party Claim; and
- 5.14.2 all documents, records and other materials in the possession of such Party reasonably required by the Defending Party for its use in defending any Third Party Claim.

Each of them shall otherwise cooperate with the Defending Party. The Indemnifier shall be responsible for all expenses associated with making such documents, records and materials available and for all salary and reasonable expenses of any employees made available by the Indemnified Party to the Indemnifier hereunder.

#### **5.15 Right of Set-Off**

The Parties expressly agree that the Purchaser may set off all amounts to which it or Thomas may be entitled under Section 5.8 and/or any of the Excluded Liabilities, Ninety-Six Thousand Nine Hundred Fifty Two Dollars and Seventy-Five Cents (\$96,952.75) of the AUSA Invoice Arrears, SPA Outstanding Indemnity Holdback, Working Capital Loan and/or Thomas Indebtedness which the Vendors fail to satisfy pursuant to Sections 4.4, 5.3.3, 5.3.5, or 5.3.11, , respectively against the Promissory Note or any other amount owed by the Purchaser to the Vendors, AUSA and/or Lola, as applicable. For greater certainty, if set-off against the Promissory Note is insufficient to fully pay the Indemnity Payment,

then the Vendors must jointly and severally fully pay any missing portion of the Indemnity Payment to the Purchaser, and the Vendors, AUSA and Lola hereby covenant and agree to sign any and all documentation required by the Purchaser duly releasing the Purchaser from any and all further obligations pursuant to the Promissory Note, as applicable. For clarity, the Purchaser shall have the right to direct such portion of the indebtedness pursuant to the Promissory Note to Canada Revenue Agency in the amount of any unpaid payroll taxes which are due and owing as of the Closing Date, and/or satisfy any and all payment obligations related to the Excluded Liabilities, on behalf of the Vendors or any one (1) of them, which remain unpaid as at the time of the repayment of the Promissory Note, as applicable.

#### **5.16 Failure to Give Timely Notice**

A failure to give timely notice as provided in this Article 5 shall not affect the rights or obligations of any Party except and only to the extent that, as a result of such failure, any Party which was entitled to receive such notice was deprived of its right to recover any payment under its applicable insurance coverage or otherwise sustained a Loss as a result of such failure.

#### **5.17 Payment and Interest**

All Losses shall bear interest at a rate per annum equal to the Prime Rate, calculated monthly, both before and after judgement, from the date on which notice of Claim was given to the Indemnifier, to the date of payment by the Indemnifier to the Indemnified Party, on which date such interest shall be payable.

#### **5.18 Calculation of Loss**

For purposes of this Agreement, any inaccuracy in or breach of any representation or warranty and the calculation of the resulting Loss shall be determined without regard to any materiality or other similar qualification contained in or otherwise applicable to such representation or warranty.

#### **5.19 Purchase Price Adjustment**

Any indemnification payment made under this Article 5 shall be treated by the Purchaser and the Vendors as an adjustment to the Purchase Price.

#### **5.20 Agency for Representatives**

Each Party agrees that it accepts each right to indemnification in favour of any of its Representatives as agent and trustee for each such Representative. Each Party agrees that the Purchaser, on the one hand, and the Vendors for and on behalf of any Vendor, on the other, may enforce an indemnity in favour of any of that Party's Representatives or on behalf of that Representative.

### **5.21 No Investigation**

The rights, remedies and recourses of the Purchaser and the Vendors hereunder shall not be affected by any investigation made by or on behalf of the Purchaser or the Vendors, as applicable.

### **5.22 Duty to Mitigate**

Nothing in this Agreement shall in any way restrict, limit or expand the general obligation in accordance with applicable Law of an indemnified Party to mitigate any Losses which it may suffer or incur by reason of the breach of a representation, warranty or covenant under this Agreement.

### **5.23 Sole Recourse**

The provisions of this Article 5 shall represent the Parties sole recourse with respect to Losses suffered or incurred in respect of any breach of a representation or warranty under this Agreement, provided that nothing herein shall serve to limit the rights of a Party to seek injunctive relief or specific performance in respect of any breach of covenant.

### **5.24 Restitution**

If an Indemnified Party or any of its Affiliates recovers an amount from a third party (including, without limitation, any insurance provider) in respect of Losses that are the subject of indemnification hereunder after all or a portion of such Losses have been paid pursuant hereto, the Indemnified Party shall promptly remit to the Indemnifier the amount recovered from the third party, up to a maximum amount equal to the amount paid by such Indemnifier pursuant hereto, less any and all costs or expenses incurred by the Indemnified Party in connection with securing or obtaining such amount from the third party.

## **ARTICLE 6 DISPUTE SETTLEMENT**

### **6.1 Consultation and negotiation**

Subject to this Article 6, all disputes, disagreements, controversies, questions or claims arising out of or relating to this Agreement, including with respect to its formation, execution, validity, application, interpretation, performance, breach, termination or enforcement (collectively, “**Disputes**”) shall be exclusively determined in accordance with this Article 6. The Parties shall use commercially reasonable efforts to resolve all Disputes by good faith consultation and negotiation with each other with a view to reaching a just and equitable resolution.

### **6.2 Arbitration**

If the Dispute cannot be resolved within a period of fifteen (15) Business Days after a Dispute has been notified in writing to the other Party, or such longer period as the Parties may agree in writing, then the Dispute shall be referred to and finally resolved by



arbitration administered by the Canadian Commercial Arbitration Centre (“CCAC”) in accordance with the General Commercial Arbitration Rules (for domestic disputes).

### **6.3 Seat**

The seat of the arbitration shall be Toronto, Ontario.

### **6.4 Arbitrator**

The arbitral tribunal shall be composed of a single arbitrator agreed upon by the Parties. If the Parties are unable to agree to the appointment of an arbitrator within fifteen (15) Business Days, or such longer period as the Parties may agree in writing, of delivery of the notice of arbitration to the CCAC, a request for appointment of the arbitrator may be made to the president of the CCAC.

### **6.5 Award Final**

Any award by the tribunal (including with respect to the payment of fees and disbursements related to the arbitration) shall be final, binding and without appeal. For greater certainty, the application of subsection 7(2) of the *Arbitration Act*, 1991 (Ontario) is expressly excluded.

### **6.6 Enforcement**

Judgement upon the award rendered may be entered in any court having jurisdiction or application may be made to such court for a judicial recognition of the award or an order of enforcement thereof, as the case may be.

### **6.7 Governing Law, Arbitration Act**

The Law to be applied in connection with the arbitration shall be the law of the Province of Ontario, including its conflict of law rules. The provisions of the *Arbitration Act*, 1991 (Ontario) shall apply to the extent that they are not inconsistent with the *General Commercial Arbitration Rules (for domestic disputes)*.

## **ARTICLE 7 GENERAL**

### **7.1 Further Assurances**

Each of the Parties hereto shall from time to time execute and deliver all such further documents and instruments and do all acts and things as another Party may, either before or after the date hereof, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

## **7.2 No Waiver**

Failure of a Party to insist upon the strict performance of any term or condition of this Agreement or to exercise any right, remedy or recourse hereunder shall not be construed as a waiver or relinquishment of any such term and condition.

## **7.3 Cost and Expenses**

Each of the Parties shall be responsible for and pay their respective legal, financial advisory and accounting costs and expenses incurred in connection with the consummation of the transactions contemplated herein, including the preparation, execution and delivery of this Agreement and the Closing Documents, and any other costs and expenses whatsoever and howsoever incurred in connection herewith and/or therewith.

## **7.4 Public Announcements**

No Party shall issue any press release or otherwise make public statements or filings with respect to this Agreement or the Closing Documents, or the transactions contemplated herein or therein, without the consent of the other Parties which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, each Party shall have the right to override such obligation in order to make any disclosure or filing required under applicable Laws, in which case the Party making any such disclosure shall use commercially reasonable efforts to give prior oral or written notice to the other Parties and reasonable opportunity for the other Parties to review or comment on the disclosure or filing (other than with respect to Confidential Information contained in such disclosure or filing), and if such prior notice is not possible, to give such notice immediately following the making of any such disclosure or filing.

## **7.5 Successors, Assigns and Assignments**

This Agreement will enure to the benefit of and be binding upon the respective successors (including any successor by reason of the amalgamation or statutory arrangement of any Party) and permitted assigns of the Parties. This Agreement may not be assigned by any Party without the prior written consent of the other Parties, except that the Purchaser may, without the prior written consent of the other Parties, assign all or part of its rights and/or obligations under this Agreement to any Person.

## **7.6 Entire Agreement**

This Agreement and the Closing Documents constitute the entire agreement between the Parties with respect to the subject matters hereof and thereof and cancels and supersedes any prior understandings, agreements, negotiations and discussions between the Parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Parties other than as expressly set forth in this Agreement.

## 7.7 Amendments

No amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by all Parties.

## 7.8 Notices

7.8.1 Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and will be given by personal delivery, by registered mail, by courier services or e-mail (followed by receipt by registered mail or courier services within two (2) Business Days) or by facsimile addressed to each Party as set forth in Schedule 7.8 or to other coordinates that have been designated by notice by any recipient Party to the others, to such other coordinates.

7.8.2 Any demand, notice or other communication given by personal delivery or courier services shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the third (3<sup>rd</sup>) Business Day following the deposit thereof in the mail and, if given by e-mail (followed by receipt by registered mail or courier services within two (2) Business Days), on the day of transmittal thereof if given during the normal business hours of the recipient on a Business Day and on the next Business Day if not given during such hours. If the Party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such demand, notice or other communication may not be mailed but must be given by personal delivery or by e-mail (followed by receipt by registered mail or courier services within two Business Days).

## 7.9 Governing Law and Forum

This Agreement shall be governed by and construed in accordance with the Laws of the Province of Ontario and the Laws of Canada applicable therein (excluding any conflict of laws rule or principle, foreign or domestic, which might refer such interpretation to the laws of another jurisdiction). Subject to Article 7, the Parties hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of the Province of Ontario situated in the City of Hamilton with respect to any matter relating to the execution or construction of this Agreement or the exercise of any right or the enforcement of any obligation arising hereunder (excluding any conflict of forum rule or principle, foreign or domestic, which might refer such matter to the courts of another jurisdiction). Notwithstanding the foregoing, nothing contained in this Section 7.9 shall limit: (i) the right of any Party to seek provisional or protective relief in the courts of another country prior to, during or after any substantive proceedings have been instituted in Canada pursuant to this Agreement; or (ii) the right of the Parties to bring enforcement proceedings in another jurisdiction in connection with a Canadian judgment.

**7.10 Severability**

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

**7.11 Specific Performance and other Discretionary Rights**

Each of the Parties acknowledges and agrees that a breach by a Party of any obligation in this Agreement shall cause the other Party to sustain injury for which it would not have an adequate remedy at Law for money damages. Therefore, each of the Parties agrees that in the event of any such breach, the aggrieved Party shall be entitled to specific performance of such obligation and provisional interlocutory and permanent injunctive relief and other equitable remedies to which it may be entitled and the Parties further agree to waive any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive relief or other equitable remedies.

**7.12 Counterparts**

This Agreement may be executed in one or more counterparts, each of which shall conclusively be deemed to be an original but all of which taken together shall be deemed to constitute one and the same agreement. A facsimile or electronic transmission of the Agreement bearing a signature on behalf of a Party shall be legal and binding on such Party.

*[Remainder of this page left blank intentionally]*

IN WITNESS WHEREOF the Parties have executed this Agreement on the date first written hereinabove.

**2750176 ONTARIO INC.**

*“Thomas Larssen”*

Per: \_\_\_\_\_

Thomas Larssen  
President

*I have authority to bind the corporation.*

**CEAD HOLDINGS INC.**

*“Thomas Larssen”*

Per: \_\_\_\_\_

Thomas Larssen  
President

*I have authority to bind the corporation.*

**ALPS EMPCO INC.**

*“Thomas Larssen”*

Per: \_\_\_\_\_

Thomas Larssen  
Director

*I have authority to bind the corporation.*

**LARSEN LTD.**

*“Thomas Larssen”*

Per: \_\_\_\_\_

Thomas Larssen  
Secretary/Treasurer

*I have authority to bind the corporation.*

**ALPS USA INC.**

*“Terry Booth”*

Per: \_\_\_\_\_

Terry Booth  
President

*I have authority to bind the corporation.*

**ALPS (ONTARIO) INC.**

*“Terry Booth”*

Per: \_\_\_\_\_

Terry Booth  
Director

*I have authority to bind the corporation.*

**LARSEN GC LTD.**

*“Thomas Larssen”*

Per: \_\_\_\_\_

Thomas Larssen  
Secretary/Treasurer

*I have authority to bind the corporation.*

**APIS INC.**

*“Terry Booth”*

Per: \_\_\_\_\_

Terry Booth  
Director

*I have authority to bind the corporation.*

**AUSTRALIS CAPITAL INC.**

*“Terry Booth”*

Per: \_\_\_\_\_

Terry Booth  
President

*I have authority to bind the corporation.*

**LOLA VENTURES INC.**

*“Terry Booth”*

Per: \_\_\_\_\_

Terry Booth  
President

*I have authority to bind the corporation.*

*“Paul Haskins”*

\_\_\_\_\_  
Witness

*“Thomas Larssen”*

\_\_\_\_\_  
**THOMAS LARSEN**

*“Brittany Kostiuk”*

\_\_\_\_\_  
Witness

*“Terry Booth”*

\_\_\_\_\_  
**TERRY BOOTH**

**ALPS B.V.**

*“Terry Booth”*

Per: \_\_\_\_\_

Name: Terry Booth  
Title: Director

*I have authority to bind the corporation.*

## SCHEDULE 1.1

### DEFINITIONS

#### 1.1 Definitions

- 1.1.1 “**257 Shareholder Agreement**” means the shareholders’ agreement between 2750176 Ontario Inc., Lola, AUSA and Thomas Larssen, dated March 8, 2021;
- 1.1.2 “**Accounts Payable**” means, except the Accrued and Unpaid Bonuses, all accounts payable and accrued liabilities of the Vendors as at the Effective Time, including, without limitation, payroll liabilities (including the payroll Taxes thereon), Employee bonuses earned or accrued up to the Closing Date, including any bonuses payable to any Employee arising from the transactions contemplated hereunder; rent and additional rent payable pursuant to the Lease, and GST/HST payables, as more particularly set out on Schedule 1.1.2 of the Vendors’ Disclosure Schedules;
- 1.1.3 “**Accounts Receivable**” means the aggregate sum of all accounts receivable due, owing or accruing, to any of the Vendors as at the Effective Time (net of discounts, sales taxes other than GST/HST payables included in Accounts Payable and bad debt reserves), including without limitation GST/HST receivables and supplier rebates accrued;
- 1.1.4 “**Accrued and Unpaid Bonuses**” means the accrued and unpaid bonuses of the Transferred Employees as of the Closing Date, estimated to be Nine Hundred Seventy-Three Thousand Eight Hundred and Twenty-Eight Dollars (\$973,828.00);
- 1.1.5
- 1.1.6 “**Affiliate**” has the meaning ascribed thereto in the OBCA;
- 1.1.7 “**Agreement**” means this agreement, its recital, together with its Schedules and all amendments made hereto by written agreement between the Parties;
- 1.1.8 “**ASPE**” means, the Canadian accounting standards for private enterprises as defined in the CPA Canadian Handbook – Accounting Part II, as applicable from time to time;
- 1.1.9 “**Assignment and Assumption Agreement**” has the meaning ascribed thereto in Subsection 5.2.1(b);
- 1.1.10 *Intentionally Deleted;*
- 1.1.11 “**Assumed Liabilities**” has the meaning ascribed thereto in Section 2.1.3;
- 1.1.12 “**AUSA**” means Australis Capital Inc.;
- 1.1.13 “**AUSA Invoice Arrears**” has the meaning set out in Section 5.3.3;
- 1.1.13 “**AUSA Shares**” means common shares in the capital of AUSA;



- 1.1.14 “**Books and Records**” means any books, records and accounts of the Vendors (originals, to the extent they exist, or, if originals do not exist, copies thereof, including all data and information stored electronically or on computer related media or other forms) related to the Business, the Purchased Assets and the Employees of the Vendors including, without limitation, databases, documents, forms, advertising material, brochures, books and records relating to the purchase of materials and supplies, the services performed or provided, dealings with customers, invoices, dispensing orders, customer lists, mailing lists, suppliers lists, telephone numbers, financial records, personnel records (to the extent permitted by Law) but excluding that related to the Excluded Assets;
- 1.1.15 “**Bright Green Shares**” has the meaning ascribed thereto in Subsection 2.1.1(p);
- 1.1.16 “**Business**” means the business of the Vendors, consisting of (a) turn-key solutions for facility design, engineering, construction, support, maintenance and security for high-tech, automated and environmentally controlled greenhouses and indoor agriculture, and (b) consulting services, including in respect of crop cultivation, genetics and compliance matters; and (c) project management services, including commissioning and maintenance services;
- 1.1.17 “**Business Day**” means any day on which Canadian chartered banks are generally open for business in Hamilton, Ontario, other than a Saturday or a Sunday;
- 1.1.18 “**Cash**” means cash and cash equivalents of the Vendors, including bank account balances, outstanding deposits, term deposits, guaranteed investment certificates and similar readily liquid instruments, and reduced by any outstanding cheques of the Vendors not yet cleared and any customer deposits, deferred revenue and advanced payments;
- 1.1.19 “**CASL**” means an *Act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act* and the equivalent Laws of all jurisdictions in which the Vendors conduct the Business;
- 1.1.20 “**CCAC**” has the meaning ascribed thereto in Section 6.2;
- 1.1.21 “**Claims**” includes claims, notices, demands, requests, complaints, proceedings, actions, applications, arbitrations, suits, causes of action, appeals, audits, hearings, investigations, inquiries, assessments or reassessments (including claims, assessments and reassessments for Tax), charges, judgments, grievances, or hearings;
- 1.1.22 “**Closing**” means the completion on the Closing Date of the sale to, and purchase by, the Purchaser of the Purchased Assets and the completion of all other transactions contemplated by this Agreement which are to occur concurrently with the purchase and sale of the Purchased Assets;

- 1.1.23 “**Closing Cash Payment**” has the meaning ascribed thereto in Subsection 2.4.1(a);
- 1.1.24 “**Closing Date**” means the 10<sup>th</sup> day of February, 2023 or such other date as mutually agreed upon by the Parties;
- 1.1.25 “**Closing Document**” means any agreement, assignment, instrument, undertaking, resolution, share certificate, certificate or any other document delivered in relation to the Closing, including without limitation, the Restrictive Covenant Agreement;
- 1.1.26 “**Collective Agreement**” means any collective agreement, letters of understanding or letters of intent with any trade union or association which may qualify as a trade union, which would cover any Employee;
- 1.1.27 “**Computer Systems**” means all Hardware, peripheral equipment, Software and firmware, processed data, technology infrastructure and other computer systems and services that are used by or accessible to the Vendors to receive, store, process or transmit data to carry on the Business or to carry on its day to day operations and affairs;
- 1.1.28 “**Confidential Information**” means the whole or any portion of any knowledge, data or information relating to a Party, its assets, businesses, affairs, finances, business model, operations and general activities, including but not limited to financial information and data, current or proposed business and financing plans, budgets, markets, customers, suppliers, employees, brokers or other contractors, distributors and sub-contractor information as well as a Party’s technology, information, know-how, trade secrets and other similar Intellectual Property;
- 1.1.29 “**Contract**” means any and all written or oral contracts and agreements (including quotations, orders and rebates), work in progress, leases, insurance policies, deeds, indentures, instruments, entitlements, warranties and warranty rights, commitments, indemnities, guarantees, undertakings and orders made by or to which a Vendor is a party or by which a Vendor is bound or under which a Vendor has, or will have, any rights or obligations and includes rights to use, franchises, license and sub-licences agreements and agreements for the purchase and sale of assets;
- 1.1.30 “**CTO**” means the Cease Trade Order issued by the British Columbia Securities Commission against AUSA on October 18, 2022;
- 1.1.31 “**Current Customers**” means those customers of the Vendors, or any one (1) of them which were invoiced by the Vendors within three (3) months of the Closing Date, respectively;
- 1.1.32 “**Defending Party**” has the meaning ascribed thereto in Section 5.14;
- 1.1.33 “**Direct Claim**” means any Claim by an Indemnified Party against an Indemnifier which does not result from a Third Party Claim;

- 1.1.34 “**Effective Time**” means 11:59 p.m. (EST) on the Business Day immediately prior to the Closing Date;
- 1.1.35 “**Employee Plans**” means each and every retirement, pension, supplemental pension (including any Pension Plan), savings, retirement savings, bonus or incentive, award, profit sharing, deferred compensation, severance or termination pay (including any redundancy policy), change of control, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, supplemental income, vacation, incentive, compensation, stock purchase, stock option, phantom stock, share appreciation rights, fringe benefit or other employee benefit plan, program, agreement, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, bargained or not bargained, insured or self-insured that is administered, maintained, sponsored or otherwise funded or contributed to, or required to be funded or contributed to, by or on behalf of the Vendors, or under which a Vendor pays premiums or benefits or has any liability whatsoever whether absolute or deferred, relating to or available to any Employees, officers or directors of the Vendors or former employees, officers or directors of the Vendors or for the benefit of any consultant or other independent contractor who currently provides or formerly provided services to the Vendors (and the survivors, dependants and beneficiaries of such Persons), except that the term “Employee Plan” shall not include any statutory plans with which the Vendors are required to comply, including the Canada/Ontario Pension Plan and plans administered pursuant to applicable provincial health tax, workers’ compensation and workers’ safety and employment insurance legislation;
- 1.1.36 “**Employees**” means all of the employees of the Vendors, a complete and accurate list of which is attached as Schedule 3.1.11 of the Vendors’ Disclosure Schedules.;
- 1.1.37 “**Encumbrances**” means pledges, liens (statutory or otherwise), charges, security interests, leases, offers to lease, pledges, privileges, title retention agreements, mortgages, hypothecs, trust deeds, trust or deemed trust (whether contractual, statutory or otherwise arising), a voting trust or pooling agreement with respect to securities, any adverse claim, or joint ownership interest, any grant of an exclusive license or sole licence, assignments by way of security, security interests, conditional sales contracts or other title retention agreements, or any other right, option or claim or other similar interests or instruments charging, or creating a security interest in, or against title, restrictions, development or similar agreements, easements, servitudes, rights-of-way (registered or unregistered), restrictive covenants, contamination notice, title defects, restrictions, executions, Tax arrears, permissions, options or adverse Claims, encroachments, burden or title reservation of any kind, title defects or burden or any other right or claim or encumbrances of any kind or character whatsoever or however arising, or any agreement to enter into or create any of the foregoing, on or affecting all or any part of any of the Purchased Assets or the use thereof, any covenant or other agreement, restriction or limitation on the transfer of the Purchased Assets or the use thereof, including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, the filing of any financing statement, encumbrances of

mechanics, labourers, workmen, builders, contractors, suppliers of material or architects or other similar encumbrances incidental to construction, maintenance or repair operations and other similar liens, legal hypothecs and encumbrances. For the avoid of doubt, the grant of a non-exclusive license is not an Encumbrance;

- 1.1.38 “**Equipment**” means all fixed assets and tangible personal property, including all machines, vehicles, and other mobile equipment, fixtures, tools, moulds, jigs, dies, furniture, furnishings, vehicles, material handling equipment, computers, photocopiers, office equipment, supplies, implements, tools and spare parts used or held for use by the Vendors in connection with the Business including the fixed assets and tangible personal property described in Schedule 1.1.38 of the Vendors’ Disclosure Schedules;
- 1.1.39 “**Equipment Leases**” means the leases of Equipment listed or identified on Schedule 3.1.7 of the Vendors’ Disclosure Schedules;
- 1.1.40 “**Excluded Assets**” has the meaning ascribed thereto in Section 2.1.2;
- 1.1.41 “**Excluded Liabilities**” has the meaning ascribed thereto in Section 2.1.4;
- 1.1.42 “**Extended Payment Term**” has the meaning ascribed thereto in Subsection 2.4.1(c);
- 1.1.43 “**Fraud**” means a claim for fraud, provided there is a Specific Intent to Deceive based on a representation or warranty made by a Party in this Agreement;
- 1.1.44 “**Specific Intent to Deceive**” means that the Party making the representation or warranty had actual knowledge of the material inaccuracy of such representation or warranty and had specific intent to deceive the other Party;
- 1.1.45 “**Governing Body**” means, with respect to any Person, (i) the board of directors of such Person, and (ii) any Person or group of Persons exercising a similar authority;
- 1.1.46 “**Governmental Authority**” means any (i) multinational, federal, provincial, state, territorial, regional, municipal, local, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, agency board or bureau, domestic or foreign, (ii) any subdivision, agent, commission, board or authority of any of the foregoing, (iii) any quasi-governmental or private body exercising any regulatory, administrative, expropriation or Tax Authority under or for the account of any of the foregoing, including any professional body and any private body having received a mandate to perform public services, (iv) any judiciary or quasi-judiciary tribunal, court or body;
- 1.1.47 “**GST/HST**” means Taxes imposed under Part IX of the *Excise Tax Act* (Canada);
- 1.1.48 “**Handle**” means to collect, use or disclose or otherwise handle, and includes access, retention, protection, processing, transfer, modification or destruction; and “**Handling**” shall have a corresponding meaning;

- 1.1.49 “**Hardware**” means mainframes, personal computers, servers, encryption equipment, data storage equipment, network equipment, routers, semi-conductor chips, embedded software, and communication lines and other equipment;
- 1.1.50 “**Indebtedness**” means, in relation to the Vendors, any liability, debt or other obligation, whether absolute, accrued, fixed, contingent or otherwise, including the following:
- (a) all indebtedness, obligations and liabilities of whatsoever nature and kind of a Vendor for borrowed money or for the deferred purchase price of property or services (including reimbursement and all other obligations with respect to surety bonds, letters of credit, note purchase obligations and bankers’ acceptances, whether or not matured) and including any short term portion of long term indebtedness and any shareholders’ loans or advances;
  - (b) all obligations of the Vendors evidenced by notes, bonds, debentures or similar instruments or covenants to create the same;
  - (c) all indebtedness of the Vendors created or arising under any conditional sale, other title retention agreements with respect to acquired property or pursuant to deferred purchase price obligations;
  - (d) all indebtedness of the Vendors of the type referred to in the items of this definition secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Encumbrance upon or in property (including accounts and contract rights) owned by a Vendor, even if such member has not assumed or become liable for the payment of such indebtedness;
  - (e) all indebtedness, obligations and liabilities of whatsoever nature and kind of the Vendors resulting from any subsidy agreement, contribution agreement or similar agreement between a Vendor and any Governmental Authority (including any such subsidy, contribution or similar arrangement related to the COVID-19 pandemic);
  - (f) all obligations guaranteeing or providing indemnification or insurance with respect to any indebtedness or other obligation of any Person (other than an obligation by the Vendors to provide indemnification for the obligations of its Representatives);
  - (g) all accrued interest relating to any indebtedness of the type referred to in any of the items of this definition; and
  - (h) all prepayment penalties or break-up fees of any nature relating to any indebtedness of the type referred to in any of the items of this definition which is being repaid on or immediately after Closing.

- 1.1.51 “**Indemnified Party**” means any Person entitled to indemnification under this Agreement;
- 1.1.52 “**Indemnifier**” means any Party obligated to provide indemnification under this Agreement;
- 1.1.53 “**Indemnity Payment**” means any amount of Loss required to be paid pursuant to Section 5.8 or 5.9 hereof;
- 1.1.54 “**Intellectual Property**” means any and all of the following in any jurisdiction throughout the world, whether arising by operation of law, Contract or otherwise: (a) registered and unregistered trademarks, service marks, trade or business names, logos (and all registrations of any of the foregoing, and all applications for registration thereof, and all goodwill associated therewith); (b) patents and patent applications, including, without limitation, continuations, continuations in-part, divisionals, provisionals, reexaminations, reissue applications and renewals; (c) registered and unregistered copyrights, including neighbouring rights and Software, source code, computer programs, databases, websites and related documentation, compilations or collections of data of any kind, (d) domain names, internet protocol addresses the corresponding Internet sites and social media identifiers (whether or not used or currently in service); (e) industrial designs and utility models; (f) trade secrets, and proprietary information not otherwise listed in (a) through (e) above, including source code, methods, algorithms, databases, methods and procedures and all rights pertaining to any of the foregoing, anywhere in the world, including any rights arising under international treaties and convention rights;
- 1.1.55 “**Inventory**” means all inventories of the Vendors, wherever located, including all raw materials, work-in-progress, stock-in-trade, finished goods, spare parts, supplies, and packaging, advertising and publicity materials, of or pertaining to the Business, whether or not on consignment;
- 1.1.56 “**Knowledge of the Vendors**” means the actual knowledge of any of the Vendors after due internal inquiry with respect to the relevant matter, or the knowledge that any of them would have had if they had conducted such due and diligent internal inquiry with respect to the relevant matter. The due and diligent inquiry of any Person with respect to a matter includes (i) consulting Persons within the Vendors who in the normal scope of their duties ought to reasonably be expected to have knowledge of the matter with respect to which knowledge is asserted, and (ii) taking such other action, if reasonably necessary, to discover the facts with respect to which knowledge is asserted;
- 1.1.57 “**Laws**” means all laws (including common law, civil law and equity), statutes, codes, ordinances, decrees, rules, regulations, by-laws, statutory rules, principles of law, published or unpublished policies and guidelines, standards, professional rules, code of ethics judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards and terms and conditions of any grant of approval, permission, authority or Permit of any Governmental

Authority or statutory body and the term “**applicable**” with respect to such Laws and in the context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having or claiming to exercise legal jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

- 1.1.58 “**Leased Premises**” means the lands and buildings, as applicable, which are subject to the Lease, together with all licences, rights and appurtenances relating to the foregoing;
- 1.1.59 “**Lease**” means the lease between Empco (formerly known as “Aurora Larsen Projects Inc.”), as tenant or its assignee and SOT 5500 NSR Inc., as landlord or its assignee, with respect to the real property municipally known as 550-5500 North Service Road, Burlington, Ontario, dated February 16, 2018, as amended, consisting of approximately six thousand fifty-one (6,051) rentable square feet;
- 1.1.60 “**Liabilities**” or “**Liability**” includes any indebtedness, obligations or liabilities of any kind, whether primary or secondary, direct or indirect, accrued, absolute or contingent, liquidated or unliquidated, secured or unsecured and whether or not reflected or required to be reflected in a balance sheet in accordance with ASPE;
- 1.1.61 “**Loss**” means any and all loss (including consequential or indirect losses such as loss of profits and loss of value), liability, debt, Tax, damage (excluding punitive, aggravated or exemplary damages unless pursuant to a Third Party Claim), cost, expense, charge, fine, penalty or assessment, including the costs and expenses incurred in investigating, pursuing or settling a Claim and all interest, fines, penalties and reasonable fees and expenses of attorneys and experts incurred in connection therewith;
- 1.1.62 “**Material IP**” has the meaning ascribed thereto in Section 3.1.16 of the Vendors’ Disclosure Schedules;
- 1.1.63 “**Material Contract**” means, without duplication:
- (a) *Intentionally Deleted*;
  - (b) the Equipment Leases;
  - (c) the Contracts between the Vendors or any one (1) of them and each of Priva, 3-Rivers and Dawson Wallace, respectively.
  - (d) any Contract with respect to Intellectual Property, whether owned or licensed (other than a license agreement for Off-the-Shelf Software); and
  - (e) all other Contracts specified in Schedule 3.1.6 of the Vendors’ Disclosure Schedules, as determined by the Purchaser in its sole and absolute discretion.

- 1.1.64 “**Material Owned IP**” has the meaning ascribed thereto in Schedule 3.1.16 of the Vendors’ Disclosure Schedules;
- 1.1.65 “**Material Third-Party IP**” has the meaning ascribed thereto in Schedule 3.1.16 of the Vendors’ Disclosure Schedules
- 1.1.66 “**Non-Assignable Contracts**” has the meaning ascribed thereto in Section 2.1.5;
- 1.1.67 “**Notice Period**” has the meaning ascribed thereto in Section 5.13;
- 1.1.68 “**OBCA**” means the *Business Corporations Act* (Ontario), as now in effect;
- 1.1.69 “**Offered Employees**” has the meaning set out in Section 4.7.1;
- 1.1.70 “**Off-the-Shelf Software**” means commonly available, non-customized third-party software licensed to a Vendor for internal use on a non-exclusive basis;
- 1.1.71 “**Order**” means any final and enforceable order or any judgment, injunction, decree, ruling, stipulation, award or writ of any court, tribunal, arbitrator or other Governmental Authority;
- 1.1.72 “**Ordinary Course**” means, when used in relation to the conduct of the Business, any action which: (i) is consistent in nature, scope and magnitude with the past practices of the Vendors and is taken in the ordinary course of the normal day-to-day operations of such Person; (ii) is not required to be authorized by the Governing Body of a Vendor; (iii) is similar in nature, scope and magnitude to actions customarily taken, without any authorization by a Governing Body, in the ordinary course of the normal day to day operations of other Persons that are in the same line of business as the Vendors, and (iv) does not contravene applicable Laws;
- 1.1.73 “**Owned Intellectual Property**” means Intellectual Property that is purported to be owned by a Vendor;
- 1.1.74 “**Parties**” means the Vendors, AUSA, Lola and the Purchaser, and “**Party**” means any one (1) of them;
- 1.1.75 “**Pension Plan**” means each of the Employee Plans that is a “registered pension plan” as that term is defined in subsection 248(1) of the Tax Act or a “pension plan” for purposes of the *Pension Benefits Act* (Ontario) or similar legislation of another Canadian jurisdiction;
- 1.1.76 “**Permits**” means all permits, certificates, certificates of authorization, certificates of compliance, authorizations, consents, licenses, concessions, franchises, approvals of and registrations with any Governmental Authority or pursuant to any Laws used or held in connection with the Business;
- 1.1.77 “**Person**” includes any individual, trust, trustee, executor, administrator, legal personal representative, estate, firm, partnership, joint venture, venture capital fund,



joint stock company, association, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;

- 1.1.78 “**Personal Information**” means any information about an identifiable individual that included in the Purchased Assets and, for greater certainty, includes all such information which falls within the definition of “personal information” or “personal health information” in Privacy Laws of any province or territory thereof to which the Business or the Vendors are subject;
- 1.1.79 “**Prime Rate**” means the annual rate of interest announced from time to time by Royal Bank of Canada as being its reference rate then in effect for determining interest rates on commercial loans in Canadian dollars made in Canada to its most credit worthy borrowers by such bank plus 2.5%;
- 1.1.80 “**Privacy Commitments**” means (i) notices provided to individuals or consents obtained from individuals regarding the Handling of their Personal Information (as may be modified by individuals according to Privacy Laws); and (ii) contractual obligations of the Vendors relating to the Handling of Personal Information;
- 1.1.81 “**Privacy Laws**” means all applicable Laws governing the Handling of Personal Information in all jurisdictions in which the Vendors conduct the Business, including CASL, the *Personal Information Protection and Electronic Documents Act* (Canada) and the *Personal Health Information Protection Act* (Ontario);
- 1.1.82 “**Privacy Policies**” means all privacy, data protection and similar policies adopted or used by the Vendors in respect of Personal Information;
- 1.1.83 “**Privacy Requirements**” means Privacy Laws and Privacy Commitments, and to the extent not inconsistent with the foregoing, Privacy Policies;
- 1.1.84 “**Promissory Note**” has the meaning ascribed thereto in Subsection 2.4.1(c);
- 1.1.85 “**Promissory Note Security Documentation**” has the meaning ascribed thereto in Subsection 2.4.1(c);
- 1.1.86 “**Purchase Price**” has the meaning ascribed thereto in Section 2.2.1;
- 1.1.87 “**Purchased Assets**” has the meaning ascribed thereto in Section 2.1.1;
- 1.1.88 “**Purchaser**” has the meaning ascribed thereto in the preamble hereof;
- 1.1.89 “**Purchaser Fundamental Representations**” has the meaning ascribed thereto in Section 3.3.2(a);
- 1.1.90 “**Released Employees**” means Offered Employees who have refused employment with the Purchaser and which are not Transferred Employees;

- 1.1.91 “**Related Party**” means (a) any Vendor, or (b) any Affiliate of any Vendor (c) any partner, shareholder, director, officer, trust, trustee or similar fiduciary, of any Vendor or any of their respective Affiliates, (d) any Person not acting at arm’s length (as defined in the Tax Act) with any Vendor, or (e) without limiting the foregoing, any family member (including siblings, parents, siblings-in-law, parents-in-law, son/daughter-in-law, spouse, niece, nephew, cousin, descendant or other family relation) of any Vendor;
- 1.1.92 “**Representatives**” means, with respect to any Person, the Affiliates, officers, directors, employees and agents of such Person;
- 1.1.93 “**Response Period**” has the meaning ascribed thereto in Section 5.11;
- 1.1.94 “**Sales Taxes**” means all applicable value-added, sales, use, consumption, multi-staged, personal property, customs, excise, stamp, transfer or similar taxes, duties or charges, including all applicable HST;
- 1.1.95 “**Software**” means all computer programs, operating systems, firmware and applications software, program files, data files, computer related data, field and data definitions and relationships, data definition specifications, data models, program and system logic, interfaces, program modules, routines, sub-routines, algorithms, program architecture, design concepts, system designs, program structure, sequence and organization, screen displays and report layouts, and all other materials related to such software, if any, including but not limited to the software marketed by the Vendors as “APIS”;
- 1.1.96 “**SPA**” means the Share Purchase Agreement, dated February 23, 2021, among AUSA, Thomas and Lola;
- 1.1.97 “**SPA Outstanding Indemnity Holdback**” has the meaning set out in Section 5.3.12;
- 1.1.98 “**Tax**” and “**Taxes**” includes any taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever and wheresoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, local, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all license agreements, franchise and registration fees and all employment insurance, health insurance and Canada, Ontario and other Governmental Authority pension plan premiums or contributions and for greater certainty, all contributions payable under any tax Laws;
- 1.1.99 “**Tax Act**” means the *Income Tax Act* (Canada);

- 1.1.100 “**Tax Authority**” means the Canada Revenue Agency, and any other national, state, local, provincial, territorial or other Governmental Authority responsible for the administration, implementation, assessment, determination, enforcement, compliance, collection or other imposition of any Taxes;
- 1.1.101 “**Tax Returns**” means any and all returns, reports, declarations, statements, information, estimates, rebates or credits, elections, designations, schedules, filings or other documents (including any related or supporting information) relating to Taxes filed or required to be filed by any Tax Authority or pursuant to any Law relating to Taxes or in fact filed with any Tax Authority, including all information returns, Claims for refund, amended returns, declarations of estimated Taxes, and requests for extensions of time to file any of the preceding items and all amendments, attachments or supplement thereto, whether in tangible or electronic form;
- 1.1.102 “**Terminated Employees**” has the meaning ascribed thereto in Section 4.7.1.
- 1.1.103 “**Third Party Claim**” means any Claim asserted against an Indemnified Party, that is paid or payable to, or claimed by, any Person who is not a Party or an Affiliate of a Party;
- 1.1.104 “**Third Party Consents**” means all consents, approvals, notices, orders, rulings, authorizations, acknowledgements, registrations, declarations, filings, submissions of information, waivers, sanctions, licenses, exemptions or permits (including the Environmental Authorizations) necessary or otherwise required from any Governmental Authority or Person or pursuant to any Law in order to consummate the transactions contemplated by this Agreement;
- 1.1.105 “**Third-Party Intellectual Property**” means Intellectual Property that is owned by a Person other than the Vendors and used by the Vendors;
- 1.1.106 “**Thomas Indebtedness**” has the meaning set out in Section 4.4;
- 1.1.107 “**Threatened**” a Claim or other matter will be deemed to have been “Threatened” if any demand or statement has been made (orally or in writing) or any notice has been given (orally or in writing), or if any other event has occurred or any other circumstances exist that would lead to a reasonably prudent Person to conclude that such a Claim or matter is likely to be asserted, commenced, taken or otherwise pursued in the future;
- 1.1.108 “**Transferable Permits**” means all rights and interest in and to all Permits issued to a Vendor which are transferable, with or without the consent of the Governmental Authority issuing the same;
- 1.1.109 “**Transferred Employee**” means an Employee who has accepted an offer of employment from, or continues employment with, the Purchaser as of the Closing

Date and specifically excludes any and all Terminated Employees and any and all Released Employees;

- 1.1.110 “**US Projects**” has the meaning set out in Section 5.3.2;
- 1.1.111 “**Vendor**” and “**Vendors**” have the meaning ascribed thereto in the preamble;
- 1.1.112 “**Vendor Data**” means any and all data and information received, generated, collected, owned or processed by or on behalf of the Vendor in connection with the operation of the Business and included in the Purchased Assets (including Personal Information);
- 1.1.113 “**Vendors’ Disclosure Schedules**” means the disclosure schedule delivered by the Vendors to the Purchaser concurrently with the execution of this Agreement;
- 1.1.114 “**Vendors’ Fundamental Representations**” has the meaning ascribed thereto in Section 3.3.1(a);  
  
; and
- 1.1.115 “**Wages**” has the meaning ascribed thereto in Section 4.7.4.

**SCHEDULE 3.1****REPRESENTATIONS AND WARRANTIES OF THE VENDORS, AUSA AND LOLA****3.1.1**     *Organization and Corporate Matters.*

- (a) Each Vendor, AUSA and Lola have each been duly incorporated, is validly organized and subsisting and is in good standing under the Laws of its jurisdiction of incorporation. Each of the Vendors, AUSA and Lola have full corporate or legal power and authority to own and lease the Purchased Assets and carry on the Business as currently owned and carried on. Each Vendor, AUSA and Lola is duly registered, licensed or qualified to carry on business in each jurisdiction in which the nature of the business now being carried on or the property owned or leased by it makes such registration, licensing or qualification necessary. No resolution has been adopted providing for the dissolution or winding up of any of the Vendors. Neither Vendor has been declared unable to meet its debts as they fall due by any Governmental Authority and there is no valid basis currently existing upon which it could be reasonably expected that a third party could require the dissolution or winding up of any of the Vendors.
- (b) Each Vendor, AUSA and Lola has all necessary power, capacity and authority to execute and deliver this Agreement and each Closing Document to which it is a party and to perform its obligations hereunder and thereunder.
- (c) This Agreement has been, and each of the Closing Documents to which any Vendor, AUSA and/or Lola is a party have been, duly executed by such Vendor, AUSA and Lola, respectively, and this Agreement, and each Closing Document to which such Vendor, AUSA and/or Lola is a party constitute a valid and binding obligation, enforceable against such Vendor, AUSA and Lola, as applicable, in accordance with their terms, subject to bankruptcy, insolvency and other similar Laws affecting creditors' rights generally.
- (d) To the Knowledge of the Vendors, the approval of this Agreement and each of the Closing Documents to which a Vendor, AUSA and/or Lola is a party (with or without the giving of notice or lapse of time or both), the execution and delivery by a Vendor, AUSA and Lola of this Agreement and of each of the Closing Documents to which the Vendors, AUSA and Lola are a party, and the performance by a Vendor, Alps BV, AUSA and Lola of its respective obligations hereunder and thereunder and the completion of the transactions contemplated herein and in the Closing Documents, will not result in:
  - (i) a violation of, default under or breach of, require any consent to be obtained under or give rise to any termination rights by a third party, payment obligation by such Vendor, AUSA, Lola or rights of a third party the exercise of which would result in any breach

or default under any provision of or the acceleration of any obligation under: (i) any constating records of such Vendor, AUSA or Lola (ii) any Contract or Permit to which such Vendor, AUSA or Lola, respectively, is party or by which such Vendor, AUSA or Lola is bound, or by which such Vendor, AUSA or Lola is subject or is the beneficiary, (iii) any shareholders' agreement, or (iv) any Laws; or

- (ii) result in the creation or imposition of any Encumbrance upon the Purchased Assets or any Vendor, AUSA and/or Lola.

3.1.2 *Approvals and Consents.* Except as set out on Schedule 3.1.2 of the Vendors' Disclosure Schedules, to the Knowledge of the Vendors, no consent, approval, notice, Order, authorization, registration, declaration, filing, submission of information, waiver, sanction, license, exemption or Permit is necessary or otherwise required to be obtained by any Vendor, AUSA or Lola from any Governmental Authority or Person or pursuant to any applicable Law in connection with the execution and delivery of this Agreement or any Closing Document to which such Vendor, AUSA or Lola is a party or the consummation by such Vendor, AUSA or Lola of the transactions contemplated hereby or thereby. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the new creation, suspension, elapse or limitation of any of such Permit.

3.1.3 *Title to Purchased Assets.* To the Knowledge of the Vendors, the Vendors, collectively, are the legal and beneficial owner of, and have good and marketable title to, or (in the case of property held under a lease) an enforceable lease with respect to, or (in the case of property held under another Contract) an enforceable interest in or right to use, all the Purchased Assets, free and clear of all Encumbrances. The tangible Purchased Assets are situated at the locations set out in Schedule 3.1.3 of the Vendors' Disclosure Schedules.

3.1.4 *Inventories.* To the Knowledge of the Vendors, all items included in the Inventories consist of a quality and quantity usable and, with respect to finished goods, saleable, in the Ordinary Course except for obsolete items and items of below-standard quality, all of which have been written off or written down to net realizable value in the Financial Statements or in the Books and Records of the Vendors, as the case may be, or can be repurchased by the supplier. To the Knowledge of the Vendors, none of the Inventory in the possession of the Vendors has been sold and none of the Inventory is on consignment. To the Knowledge of the Vendors, all of the Inventories have been valued at cost. To the Knowledge of the Vendors, inventories on hand that were purchased after the dates of the Financial Statements were purchased in the Ordinary Course at a cost not exceeding market prices prevailing at the time of purchase. To the Knowledge of the Vendors, the quantities of each item of Inventories (whether raw materials, work-in-process or finished goods) are consistent with the levels of Inventory

maintained by the Vendors in the operation of the Business in the Ordinary Course and are not excessive given the circumstances of the Business.

3.1.5 *Compliance with Laws.* Each Vendor, Alps BV, AUSA and Lola has complied with and is in compliance with all applicable Laws in all material respects and has not received any notice or correspondence, written or oral, of any violation or non-compliance under any applicable Law and, to the Knowledge of the Vendors, there is no basis therefor. There has been no investigations, requests for information, or other proceeding by any Governmental Authority pending or Threatened against the Vendors.

3.1.6 *Contracts.*

Schedule 3.1.6 of the Vendors' Disclosure Schedules sets forth a list of the Material Contracts, excluding the Equipment Leases, and excluding the Lease.

3.1.7 *Equipment Leases.*

Schedule 3.1.7 of the Vendors' Disclosure Schedules sets forth a true and complete list of all Equipment Leases.

3.1.8 *Tax Matters.*

- (a) Each Vendor has duly and timely made or prepared or caused to be made or prepared and filed all Tax Returns required to be filed by it prior to the date hereof with the appropriate Governmental Authorities and has duly, completely and correctly reported to such appropriate Governmental Authorities all income and all other amounts and information required to be reported thereon and all such Tax Returns continue to be true, correct and complete in all material respects.
- (b) Each Vendor has duly and timely paid all Taxes, including all instalments on account of Taxes for the current year, that are due and payable by it whether or not assessed by the appropriate Governmental Authority and there are no Taxes that would be due if asserted by any Governmental Authority. There are no outstanding liabilities for Taxes payable, collectible or required to be remitted by the Vendors, whether assessed or not, which may result in an Encumbrance on or other claim against, or seizure of, all or any part of the Purchased Assets or that would otherwise adversely affect the Business or would result in the Purchaser becoming liable or responsible for such liabilities, and no event has occurred that, with the passage of time or the giving of notice, or both, could reasonably be expected to result in an Encumbrance for Taxes on any of the Purchased Assets, nor is any taxing authority in the process of imposing any Encumbrances for Taxes on any of the Purchased Assets (other than for current Taxes not yet due and payable).
- (c) There are no reassessments of Taxes that have been issued and are outstanding. There are no Claims now pending or, to the Knowledge of the Vendors,

Threatened against the Vendors in respect of any Tax Return or of any Taxes and there are no matters under discussion, audit, objection or appeal with any Governmental Authorities relating to Taxes. More specifically, but without limiting the generality of the foregoing, no Tax Authority is now asserting or, to the Knowledge of the Vendors, Threatening to assert against any of the Vendors any deficiency or Claim for additional Taxes and there are no such deficiencies or potential Claims for additional Taxes and there are no requests for information currently outstanding that could affect the Taxes of the Vendors.

- (d) Each Vendor has timely collected paid and remitted to the appropriate Governmental Authorities when required by Law to do so, all amounts required to be collected, deemed to have been collected by it or that should have been collected or paid on account of all Taxes under Part IX of the *Excise Tax Act* (Canada) and, where applicable, under any similar provincial or other jurisdictions' value-added or sales tax Law.
- (e) The Vendors have not made any election or designation for purposes of any Law relating to Taxes that would affect the Business or any of the Purchased Assets after the Closing Date.

3.1.9 *Residency.* None of the Vendors is a non-resident of Canada for purposes of the Tax Act.

3.1.10 *HST Registration.* The following Vendors are registered for HST under Part IX of the *Excise Tax Act* (Canada), as follows:

- (i) **2750176 Ontario Inc.**'s HST registration number is: 73995 0277 RC0001;
- (ii) **Alps (Ontario) Inc.** does not have an HST registration number;
- (iii) **Alps Empco Inc.**'s HST registration number is: 78262 8119 RC0001;
- (iv) **Larssen Ltd.**'s HST registration number is 89583 2301 RC0001;
- (v) **ALPS USA Inc**'s HST registration number is: 87-3747014; and
- (vi) **Larssen GC Ltd.**'s HST registration number is: 78446 3317 RC0001.

3.1.11 *Employee Matters.*

- (a) Schedule 3.1.11 of the Vendors' Disclosure Schedules contains a complete and accurate list of all Employees, as well as all contractors or directors employed or engaged by the Vendors. Additionally, Schedule 3.1.11 of the Vendor's Disclosure Schedules sets out for the Released Employees and the Terminated Employees, (i) his/her name, his/her start date, his/her title, any annual vacation entitlements, his/her status (employee or contractor, as applicable), current



annual remuneration and any other entitlement or benefit (including any bonus, commission or equity incentive, as well as the expected payments in that regard for the current fiscal year), his/her accrued but unpaid time off (including with respect to vacation, overtime, flex time, sick days or otherwise), and (ii) particulars of all other material terms and conditions of employment or engagement of the Released Employees and the Terminated Employees (including any rights of any such Employee with respect to any particular common law or contractual entitlement on, or notice of, termination in excess of those to which such Employee would be entitled under applicable Law), (iii) all Persons to whom offers of employment or engagement under an employment, consultancy or service agreement have been made by the Vendors that have not yet been accepted, or which has been accepted but where the employment or engagement has not yet started, if any.

- (b) Schedule 3.1.11 of the Vendors' Disclosure Schedules also contains, separately, a complete and accurate list of all written individual employment or contractor Contracts, any written employee or human resources personnel policies, handbooks or manuals of the Vendors, any change of control agreement, indemnity agreement, agreement as to the length of notice of termination of employment, and any severance, retention or separation Contracts. Complete and accurate copies of such Contracts have been delivered to the Purchaser and complete and accurate copies of policies, handbooks or manuals have been made available to the Purchaser.
- (c) Neither Vendor is, nor has it been, a party, either directly or by operation of law, to any Collective Agreement. To the Knowledge of the Vendors, there are no Threatened or pending union organizing activities involving the Employees nor were there in the past three (3) years.

#### 3.1.12 *Employee Plans.*

- (a) Schedule 3.1.12 of the Vendors' Disclosure Schedules (a) lists each and every Employee Plan. A current copy of each Employee Plan and all related documentation has been provided to the Purchaser.

3.1.13 *Occupational Health and Safety.* To the Knowledge of the Vendors, there are no outstanding inspection Orders nor any pending or Threatened charges made under any occupational health and safety Laws relating to the Vendors, or the Business. There have been no fatal or critical accidents within the last three years which, to the Knowledge of the Vendors, might lead to charges involving the Vendors under occupational health and safety Laws. Each Vendors has complied in all respects with any Orders issued under occupational health and safety Laws. To the Knowledge of the Vendors, there are no appeals of any Orders under occupational health and safety Laws relating to the Vendors which are currently outstanding.

3.1.14 *Workers' Compensation.* To the Knowledge of the Vendors, the Vendors are not registered with any workers' compensation or workplace safety and insurance board or similar authorities in any jurisdictions where the Business is carried on.

3.1.15 *Real Property Lease*

(a) *Intentionally Deleted.*

3.1.16 *Intellectual Property Rights.*

Schedule 3.1.16 of the Vendors' Disclosure Schedules contains a list of all Intellectual Property owned, licensed or used by the Vendors for the carrying on of the Business as presently conducted by it that is material to the Business as presently conducted by it, other than Off-the-Shelf Software (the "**Material IP**"), and specifies, in each case, whether Material IP is Owned Intellectual Property (the "**Material Owned IP**") or Third-Party Intellectual Property (the "**Material Third-Party IP**"). Without limiting the foregoing, Schedule 3.1.16 of the Vendors' Disclosure Schedules contains accurate and distinct lists of (i) all registered Intellectual Property owned by the Vendors; (ii) all pending applications for Intellectual Property owned by the Vendors; (iii) all domain names and social media identifiers that are owned by the Vendors in connection with the Business; (iv) all trademarks and tradenames used and owned by the Vendors that have not been registered or applied for (indicating for each trademark or trade name the relevant products, services and activities); (v) any Software owned by the Vendors; (vi) all material trade secrets owned by the

Vendors and all material licenses of Intellectual Property granted to the Vendor; and (vii) all material licenses (or other forms of agreements granting a right to use) pertaining to Material Third-Party IP, other than Off-The-Shelf Software.

3.1.17 *Insurance.*

The Vendors maintain such policies of insurance, issued by reputable insurers, as is appropriate adequate and sufficient for the Purchased Assets and the conduct of the Business and such insurance is in good standing.

3.1.18 *Material Facts Disclosed.*

- (a) No representation or warranty in this Agreement or in any Closing Document contains any untrue statement of a material fact with respect to the Purchased Assets, the Vendors, and the Business.

**SCHEDULE 3.2**  
**REPRESENTATIONS AND WARRANTIES OF PURCHASER**

***Representations in respect of the Purchaser***

- 3.2.1        *Organization.* The Purchaser has been duly incorporated or otherwise formed, is organized and validly subsisting and in good standing under the Laws of its jurisdiction of incorporation or formation. The Purchaser has full corporate or legal power and authority to own and lease its properties and carry on its businesses as currently owned and carried on.
- 3.2.2        *Capacity and No Violation.* The Purchaser has all necessary power, capacity and authority to execute and deliver this Agreement and each Closing Document to which it is a party and to perform its obligations hereunder and thereunder. The execution and delivery of this Agreement by the Purchaser and of each Closing Document to which it is a party and the consummation by it of the transactions contemplated by this Agreement and each Closing Document to which it is a party have been duly authorized by the Governing Body of the Purchaser.
- 3.2.3        *Residency.* The Purchaser is not a non-resident of Canada for purposes of the Tax Act.
- 3.2.4        *HST Registration.* The Purchaser is registered for HST under part IX of the Excise Tax Act (Canada) pursuant to HST registration number: 791114614 RT0001.
- 3.1.5        *Compliance with Laws.* The Purchaser has complied with and is in compliance with all applicable Laws in all material respects and has not received any notice or correspondence, written or oral, of any violation or non-compliance under any applicable Law and, to the Knowledge of the Purchaser, there is no basis therefor. There has been no investigations, requests for information, or other proceeding by any Governmental Authority pending or Threatened against the Purchaser.

**SCHEDULE 1.1.2**  
**ACCOUNTS PAYABLE LIST**

*[REDACTED - LIST OF ACCOUNTS PAYABLE]*

**SCHEDULE 1.1.38**

**EQUIPMENT**

*[REDACTED - LIST OF EQUIPMENT]*

**SCHEDULE 2.1.5(a)**

**NON-ASSIGNABLE CONTRACTS**

1. Nil.

**SCHEDULE 2.2.2**

**ALLOCATION OF PURCHASE PRICE**

*[REDACTED - ALLOCATION OF PURCHASE PRICE]*



**SCHEDULE 3.1.2**  
**APPROVALS AND CONSENTS**

1. Nil.

**SCHEDULE 3.1.3**

**LOCATION OF PURCHASED ASSETS**

*[REDACTED - LOCATION OF TANGIBLE PURCHASED ASSETS]*

**SCHEDULE 3.1.6**  
**MATERIAL CONTRACTS**

*[REDACTED - LIST OF MATERIAL CONTRACTS]*

**SCHEDULE 3.1.7**  
**EQUIPMENT LEASES**

Nil.

**SCHEDULE 3.1.11**

**EMPLOYEES**

*[REDACTED - COMPLETE EMPLOYEE LIST]*

**SCHEDULE 3.1.12**  
**EMPLOYEE PLANS**

*[REDACTED - LIST OF EMPLOYEE PLANS]*

**SCHEDULE 3.1.16**

**MATERIAL IP**

*[REDACTED - LIST OF MATERIAL INTELLECTUAL PROPERTY]*

**SCHEDULE 4.4**  
**EXCLUDED LIABILITIES**

*[REDACTED - LIST OF LIABILITIES NOT ASSUMED BY THE PURCHASER]*



**SCHEDULE 4.7.1**  
**OFFERED EMPLOYEES**

*[REDACTED - LIST OF EMPLOYEES TO BE OFFERED EMPLOYMENT BY THE PURCHASER]*

**SCHEDULE 4.7.1(b)**  
**TERMINATED EMPLOYEES**

*[REDACTED - LIST OF EMPLOYEES TO BE TERMINATED BY THE VENDORS]*

**SCHEDULE 5.2.2(f)**

**VENDOR INDEMNITY MATTERS**

*[REDACTED - CONFIDENTIAL TAX INFORMATION]*

## SCHEDULE 7.8

### NOTICES

**(i) If to the Purchaser:**

*[ADDRESS REDACTED]*  
Attention: Thomas Larssen

E:Mail: *[REDACTED]*

**(ii) If to the Vendors, Terry, AUSA and/or Lola:**

*[ADDRESS REDACTED]*  
Attention: Terry Booth

E:Mail: *[REDACTED]*