

## SECURITIES EXCHANGE AGREEMENT

**THIS SECURITIES EXCHANGE AGREEMENT** (this “**Agreement**”) is made effective as of the 22<sup>nd</sup> day of October, 2020 (the “**Execution Date**”).

**AMONG:**

**ADURO ENERGY INC**, a company incorporated under the federal laws of Canada and having an address at Suite 104, 1086 Modeland Road, Sarnia, ON N7S 6L2

(the “**Target**”)

**AND:**

**THE SECURITIESHOLDERS OF THE TARGET**, as listed on Schedule A attached hereto

(each, a “**Target Vendor**” and, collectively, the “**Target Vendors**”)

**AND:**

**DIMENSION FIVE TECHNOLOGIES INC.**, a company incorporated under the laws of the Province of British Columbia and having an address at 789 West Pender Street, Suite 1450, Vancouver, BC V6C 1H2

(the “**Purchaser**”)

**WHEREAS:**

A. The Purchaser, the Target and the Principal Vendor (as defined herein) entered into the Letter of Intent (as defined herein) setting out the essential terms and conditions by which the Purchaser intends to acquire all of the issued and outstanding Target Shares (as defined herein) from the Target Shareholders;

B. Pursuant to the Letter of Intent, the Parties (as defined herein) have entered into this Agreement, which replaces and supersedes the Letter of Intent, to formalize, confirm and provide certain additional standard terms and conditions in respect of the Transaction (as defined herein);

C. The Target Vendors are, as at the date hereof, the registered and beneficial owners of all of the issued and outstanding Target Shares, and will, at the Closing (as defined herein), be the registered and/or beneficial owners of all of the issued and outstanding Target Shares; and

D. Upon the terms and subject to the conditions set forth in this Agreement, the Target Vendors have agreed to sell to the Purchaser all of the Target Shareholders’ legal and beneficial interest in the Target Shares, such that, following the Closing, all of the Target Shares, which will represent all of the issued and outstanding Target Securities other than the Target Convertible Notes (as defined herein), will be owned by the Purchaser.

**THIS AGREEMENT WITNESSES** that, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Target, the Target Vendors and the Purchaser (each, a **"Party"** and, together, the **"Parties"**) covenant and agree as follows:

**ARTICLE 1**  
**INTERPRETATION**

**1.1 Definitions**

In this Agreement, the following words and phrases will have the following meanings:

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

**"Acquisition Proposal"** means, other than the transactions contemplated by this Agreement, any offer, proposal, expression of interest, or inquiry, whether oral or written, from any Person (other than the Purchaser or any of its Affiliates), relating to:

- (a) any direct or indirect acquisition, sale, lease, long-term supply agreement or other arrangement having the same economic effect as a sale of: (i) the assets of the Target that, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of the Target; or (ii) 20% or more of any voting or equity securities of the Target,
- (b) any take-over bid, tender offer or exchange offer for any class of voting or equity securities of the Target,
- (c) a plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, winding-up, dissolution, exclusive license or other similar transaction involving the Target,
- (d) any transaction, the consummation of which could reasonably be expected to impede, interfere with, prevent or materially delay the transactions contemplated by this Agreement, or which could reasonably be expected to materially reduce the benefits to the Purchaser under this Agreement, or
- (e) any other similar transaction or series of transactions involving the Target;

**"Affiliate"** means, with respect to any specified Person at any time, each Person directly or indirectly, through one or more intermediaries, controlling, controlled by, or under direct or indirect common control with, such specified Person at such time;

**"Agreement"** means this Securities Exchange Agreement, and all of the schedules and other documents attached hereto, as it may from time to time be supplemented or amended;

**"Applicable Laws"** means, with respect to any Person, any domestic (whether federal, state, territorial, state, provincial, municipal or local) or foreign statutes, laws, ordinances, rules, administrative interpretations, regulations, Orders, writs, injunctions, directives, judgments, decrees or other requirements of any Governmental Body applicable to such Person or any of its Affiliates or any of their respective properties,

assets, Employees, consultants or agents (in connection with such Employee's, consultant's or agent's activities on behalf of such Person or any of its Affiliates), including Applicable Securities Laws;

**"Applicable Securities Laws"** means all applicable Securities Laws in all jurisdictions relevant to the issuance of securities of the Purchaser pursuant to the terms of this Agreement, including the published rules and policies of the CSE;

**"Associate"** means, with respect to any Person:

- (a) any other Person of which such Person is an officer, director or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities issued by such other Person;
- (b) any trust or other estate in which such Person has a 10% or greater beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity; and
- (c) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person or who is a director or officer of such Person or any Affiliate thereof;

**"Bridge Loan"** means the bridge loan in the principal amount of up to \$150,000 to be advanced to the Target by the Purchaser prior to the Closing;

**"Business Day"** means a day other than a Saturday, Sunday or other day on which commercial banks in the Province of British Columbia are authorized or required by law to close;

**"Business Plan"** means a description of intended or anticipated undertakings by Target in respect of Target Business development and Milestones.

**"Class A Special Warrants"** means special warrants of the Resulting Issuer which are convertible for no additional consideration into Resulting Issuer Shares on a one-for-one basis upon the later of (i) the achievement of the First Milestone, and (ii) distribution by the Special Warrant Trustee in accordance with Section 2.2 of this Agreement, and which shall expire 2 years from the Closing Date if the First Milestone is not achieved within 2 years from the Closing Date;

**"Class B Special Warrants"** means special warrants of the Resulting Issuer which are convertible for no additional consideration into Resulting Issuer Shares on a one-for-one basis upon the later of (i) the achievement of the Second Milestone, and (ii) distribution by the Special Warrant Trustee in accordance with Section 2.2 of this Agreement, and which shall expire 4 years from the Closing Date if the Second Milestone is not achieved within 4 years from the Closing Date;

**"Closing"** means the closing of the Transaction pursuant to the terms of this Agreement on the Closing Date;

**"Closing Date"** means the date of the Closing to be mutually agreed to by the Purchaser, the Target and the Principal Vendor, which will not be later than December 31, 2020, or such other date as the Target and the Purchaser may mutually agree in writing;

**"Commercial Plant"** means a commercial plant and operation which can successfully carry out the Target Business and is capable of producing finished product for sale as set out in Target's business plan;

**“Consideration Securities”** means the Consideration Shares, the Class A Special Warrants to be issued to the Target Special Warrant Trustee at the Closing as part of the Purchase Price and the Class B Special Warrants to be issued to the Target Special Warrant Trustee at the Closing as part of the Purchase Price, and **“Consideration Security”** means any one of them;

**“Consideration Shares”** means the Purchaser Shares to be issued to the Target Vendors at the Closing as part of the Purchase Price, and **“Consideration Share”** means any one of them;

**“Contract”** means any contract, agreement, option, lease, license, commitment or other instrument of any kind, whether written or oral, to which a Person is a party;

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

**“Disclosure Record”** means the disclosure documents of the Purchaser as filed on SEDAR under the Purchaser’s profile at [www.sedar.com](http://www.sedar.com);

**“Employee”** means, with respect to any Person, any current, former or retired employee, officer, manager, director or consultant of such Person;

**“Employee Contract”** refers to any employment, severance, consulting or similar Contract between an Employee and any Person;

**“Employee Plan”** refers to any plan, program, policy, practice, Contract or other arrangement providing for bonuses, severance, termination pay, performance awards, stock or stock-related awards, fringe benefits or other benefits of any kind, whether formal or informal, funded or unfunded, and whether or not legally binding, pursuant to which a Person has, or may have, any material Liability, contingent or otherwise;

**“Encumbrance”** means any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, Contract or otherwise) capable of becoming any of the foregoing;

**“Escrow Agent”** has the meaning set forth in Section 2.5;

**“Escrow Agreement”** means the escrow agreement in substantially the form of Form 46-201F1 to be entered into between the Purchaser and certain Target Securityholders as required by the policies of the CSE;

**“Execution Date”** has the meaning set forth on page 1 of this Agreement;

**“Exemptions”** has the meaning set forth in Section 2.6;

**“Family”** means, with respect to an individual: (a) the individual, (b) the individual’s spouse, (c) any other natural person who is related to the individual or the individual’s spouse within the second degree, and (d) any other natural person who resides with such individual;

**“First Financing”** has the meaning set forth in Section 2.8;

**“First Milestone”** means within 2 years of the Closing Date, the operation of a Show Room Unit to successfully obtain Product by application of Technology and validation of the same by Professor Paul Charpentier or such other independent third party agreed upon by the Purchaser and the Target;

**“First Milestone Achievement Date”** means the date on which Professor Paul Charpentier or such other independent third party agreed upon by the Purchaser and the Target delivers its report to the Resulting Issuer validating that the Resulting Issuer has, through the operation of a Show Room Unit, successfully obtain Product by application of Technology;

**“First Milestone Protection Plan”** means the protection plan in respect of the First Milestone which is set forth in Section 2.8 of this Agreement.

**“First Milestone Restricted Shares”** means, for the purposes of Section 2.8, the outstanding common shares of the Resulting Issuer and/or options to acquire common shares of the Resulting Issuer held by the Zimtu Group representing a total of 9,708,000 common shares.

**“First Milestone Share Repurchase Date”** means for the purposes of Section 2.8 the date which is three months following the date on which the First Milestone was achieved by the Resulting Issuer, as may be extended pursuant to Section 2.8(a).

**“Fundamental Change”** has the meaning given to such term under the policies of the CSE;

**“Governmental Body”** means: (a) any governing body of any nation, state, province, county, city, town, village, district or other jurisdiction of any nature, (b) federal, state, provincial, local, municipal, foreign or other government, (c) any governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official or entity and any court or other tribunal), (d) any multi-national organization or body, (e) any body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature, including any arbitrator, or (f) the CSE;

**“IFRS”** means International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board, applied on a consistent basis with prior periods;

**“Indemnified Party”** has the meaning set forth in Section 14.3(a);

**“Indemnifying Party”** has the meaning set forth in Section 14.3(a);

**“Intellectual Property”** means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the Applicable Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all:

- (d) trademarks, service marks, trade names, brand names, logos, slogans, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of, and symbolized by, and all registrations, applications and renewals for, any of the foregoing;

- (e) internet domain names, whether or not trademarks, web addresses, web pages, websites and related content, URLs and accounts with Twitter, Facebook and other social media companies, and the content found thereon and related thereto;
- (f) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights;
- (g) inventions, discoveries, trade secrets, software source code, business and technical information and know-how, databases, data collections and other confidential and proprietary information and all rights therein;
- (h) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Body-issued indicia of invention ownership (including inventor's certificates, petty patents and patent utility models);
- (i) all licenses for listed intellectual property granted to third parties;
- (j) all future income and proceeds from any of the listed intellectual property and from the licenses listed in (i) above; and
- (k) all rights to damages, royalties and profits by reason of the past, present or future infringement or other misuse of any of the listed intellectual property;

**"Inventory"** means all right, title and interest of the Target in and to the goods that are held by the Target for sale in relation to the Target Business, including all saleable and current inventories of finished goods, raw materials, operating supplies, shipping supplies, samples, maintenance items, advertising materials and packaging materials, in each case, on hand, in transit, ordered but not delivered, warehoused or wherever situate at the Closing or such other particular time referenced in relation thereto;

**"Letter of Intent"** means the binding letter of intent dated July 13, 2020 between the Purchaser and the Target with respect to the Transaction;

**"Liabilities"** means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person;

**"Lien"** means any lien, claim, charge, pledge, hypothecation, security interest, mortgage, restriction, assignment, trust or deemed trust, title defect or objection, title retention agreement, option or Encumbrance of any nature or kind whatsoever, whether contractual, statutory or otherwise arising, other than: (a) statutory liens for Taxes not yet due and payable, (b) such imperfections of title, easements and Encumbrances, if any, that will not result in a Material Adverse Effect, and (c) purchase money security interests;

**“Listing”** means the listing of the Resulting Issuer Shares on the CSE following re-qualification for listing in connection with the Transaction;

**“Listing Conditional Approval”** means the conditional approval of the CSE for the Listing;

**“Listing Statement”** means the listing statement of the Resulting Issuer to be prepared in accordance with the requirements of the CSE in respect of the Transaction;

**“Losses”** means any and all demands, claims, actions or causes of action, assessments, losses, damages, Liabilities, costs or expenses, including interest, penalties, fines and reasonable attorneys, accountants and other professional fees and expenses, but excluding any indirect, consequential or punitive damages suffered by a Person, including damages for lost profits or lost business opportunities;

**“Material Adverse Effect”** means, when used in connection with a Person, any change, event, violation, inaccuracy, circumstance or effect that is materially adverse to the business, assets (including intangible assets), Liabilities, capitalization, ownership, financial condition or results of operations of such Person or any Affiliate thereof, other than any change, event, circumstance or effect to the extent resulting from: (a) the announcement of the execution of this Agreement and the transactions contemplated hereby, (b) changes in legal or regulatory conditions generally affecting the Target Business or the Purchaser Business, as applicable, except that any such change, effect, event or occurrence will be considered in determining whether there has been, or will be, a Material Adverse Effect if the same disproportionately affects the Target, the Purchaser, the Purchaser Business or the Target Business, as applicable, (c) changes in the capital markets generally, or (d) changes in IFRS;

**“Material Contracts”** means, when used in connection with a Person, any subsisting Contracts, oral or written, entered into by the Person, by which the Person is bound, or to which it or its respective assets are subject, which have total payment obligations on the part of the Person which reasonably can be expected to exceed \$10,000, or are for a term of or in excess of one year;

**“Material Interest”** means direct or indirect beneficial ownership of: (a) voting securities or other voting interests representing at least 20% of the outstanding voting power of a Person, or (b) equity securities or other equity interests representing at least 20% of the outstanding equity securities or equity interests in a Person;

**“Milestones”** means, collectively, the First Milestone and the Second Milestone;

**“Name Change”** means the change of the Purchaser’s name to “Aduro Energy Inc.” or such other name designated by the Target which meets the applicable statutory requirements;

**“Note Amending Agreements”** means the agreements amending the Target Convertible Notes, substantially in the form attached as Schedule E;

**“Operating Loan”** means the loan to the Target dated August 22, 2017 in the principal amount of \$100,000 from the Business Development Bank of Canada;

**“Order”** means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any Governmental Body;

**“Organizational Documents”** means: (a) the certificate of incorporation, articles, bylaws or other constating documents of a Person, (b) any charter or similar document adopted or filed in connection with the creation, formation or organization of a Person, and (c) any amendment to any of the foregoing;

**“Party”** and **“Parties”** have the meaning set forth on page 2 of this Agreement;

**“Permitted Encumbrances”** means any Encumbrance listed on the Target Disclosure Statement;

**“Person”** is to be construed broadly and includes an individual, sole proprietor, corporation, body corporate, partnership, joint venture, association, trust, unincorporated organization or any other entity, or any trustee, executor, administrator or other legal representative thereof;

**“Principal Vendor”** means Ofer Vicus, the principal shareholder of the Target;

**“Proceeding”** means any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, investigative or informal) commenced, brought, conducted, heard by or before, or otherwise involving, any Governmental Body;

**“Pro Forma Financial Statement”** means the pro forma financial statements of Purchaser and Target giving effect to the Transaction;

**“Product”** means, lighter petroleum oil obtained by upgrading heavier petroleum feedstocks or components thereof, or deoxygenated hydrocarbons obtained from upgrading renewable oil feedstocks, or liquid hydrocarbons obtained by upgrading of certain plastic or rubber feedstocks, where the upgrading is achieved by means of Technology;

**“Purchaser”** has the meaning set forth on page 1 of this Agreement;

**“Purchaser Accounting Date”** means May 31, 2020;

**“Purchaser Advisors”** has the meaning set forth in Section 11.5(a)(i);

**“Purchaser Board”** means the board of directors of the Purchaser;

**“Purchaser Business”** means the business of the Purchaser as presently conducted;

**“Purchaser Disclosure Statement”** means the disclosure statement of the Purchaser to be signed and dated by the Purchaser and delivered to the Target: (a) within 10 days of the Execution Date, and (b) at the Closing, as updated to the time of Closing;

**“Purchaser Discounted Share Price”** means the greater of (i) 0.65 times the volume weighted average trading price of Purchaser Shares for the five trading days prior to the First Milestone Achievement Date, and (ii) \$0.05;

**“Purchaser Financial Statements”** means the audited financial statements of the Purchaser for the years ended May 31, 2020 and May 31, 2019, all prepared in accordance with IFRS;

**“Purchaser Finders Warrants”** means outstanding share purchase warrants to purchase 54,000 Purchaser Shares at an exercise price of \$0.07 per share which warrants expire on September 2, 2022;



**“Purchaser Options”** means the outstanding stock options to acquire Purchaser Shares;

**“Purchase Price”** has the meaning set forth in Section 2.2;

**“Purchaser Public Documents”** means the public documents filed by the Purchaser on SEDAR under The Purchaser’s SEDAR profile;

**“Purchaser Securities”** means any Purchaser Shares, the Purchaser Options, and any other securities or other indebtedness of the Purchaser convertible into Purchaser Shares;

**“Purchaser Shares”** means fully paid and non-assessable common shares without par value in the capital of the Purchaser, and **“Purchaser Share”** means any one of them;

**“Purchaser Stock Option Plan”** means the stock option plan of the Purchaser which was adopted by the directors of the Purchaser on September 6, 2018;

**“Qualified First Financing”** has the meaning set forth in Section 12.5(b);

**“Qualified Second Financing”** has the meaning set forth in Section 12.5(c);

**“Regulation S”** means Regulation S promulgated under the 1933 Act;

**“Related Party”** means, with respect to a Person that is an individual:

- (l) each member of such individual’s Family,
- (m) any Person that is, directly or indirectly, controlled by such individual or one or more members of such individual’s Family,
- (n) any Person in which such individual or members of such individual’s Family hold (individually or in the aggregate) a Material Interest, or
- (o) any Person with respect to which such individual or one or more members of such individual’s Family serves as a director, officer, partner, executor or trustee (or in a similar capacity), and

with respect to a Person other than an individual:

- (p) any Person that, directly or indirectly, controls, is controlled by, or is under common control with, such specified Person,
- (q) any Person that holds a Material Interest in such Person,
- (r) each Person that serves as a partner, executor or trustee of such Person (or in a similar capacity),
- (s) any Person in which such Person holds a Material Interest, or
- (t) any Related Person of any individual described in clause (f) or (g);

**“Representatives”** has the meaning set forth in Section 11.12(a);

**“Restricted Stock Agreement”** means an agreement among the Purchaser, the Target, Zimtu and each member of the Zimtu Group who owns any First Milestone Restricted Shares or Second Milestone Restricted Shares with respect to the securities subject to the First Milestone Protection Plan and the Second Milestone Protection Plan which will provide that Zimtu may choose the mix of shares/options to be purchased for cancellation thereunder.

**“Resulting Issuer”** means the Purchaser following the completion of the Transaction;

**“Resulting Issuer Board”** means the Purchaser Board following the completion of the Transaction;

**“Resulting Issuer Shares”** means the Purchaser Shares following the completion of the Transaction;

**“SEC”** means the United States Securities and Exchange Commission;

**“Second Financing”** has the meaning set forth in Section 2.9;

**“Second Milestone”** means any one or more of the following within 4 years of Closing:

1. A completed financial transaction with an institution which clearly has the capacity to finance Target’s majority owned commercial operation of a manufacturing plant producing Product for commercial sale;
2. Product produced by a manufacturing plant owned in part by Target where Target’s portion of the plant’s equity is at least \$2,000,000 greater than Target’s investment;
3. A third party entering into a licence agreement with Target in respect of the Technology which Target and such third party estimate will generate at least \$5,000,000 in revenue for Target over a three year period;
4. A third party equity investment in the Resulting Issuer of at least \$3,000,000 at a company pre-money valuation of \$40,000,000 or more;
5. The total market capitalization of the Resulting Issuer remaining at or above \$65,000,000 for 19 out of any 20 consecutive trading days;
6. The Resulting Issuer having completed a public offering or private placement raising at least \$4,000,000 at a minimum price per share of \$0.35, or a combination of grants, \$0.35 share offering and other financing transaction raising at least \$4,000,000; or
7. A third party enters into an agreement to acquire all of the issued and outstanding Resulting Issuer Shares at a minimum value of \$1.00 per share;

**“Second Milestone Achievement Date”** means the date on which the Second Milestone is achieved by the Resulting Issuer;

**“Second Milestone Protection Plan”** means the protection plan in respect of the Second Milestone which is set forth in Section 2.9 of this Agreement.

**“Second Milestone Restricted Shares”** means, for the purposes of Section 2.9, (i) if any of the First Milestone Restricted Shares have been previously purchased for cancellation by the Resulting Issuer, outstanding common shares of the Resulting Issuer and/or options to acquire common shares of the Resulting Issuer held by the Zimtu Group representing a total of 907,150 common shares and (ii) if none of the First Milestone Restricted Shares have not been purchased for cancellation by the Resulting Issuer, outstanding common shares of the Resulting Issuer and/or options to acquire common shares of the Resulting Issuer held by the Zimtu Group representing a total of 6,307,000 common shares.

**“Second Milestone Share Repurchase Date”** means, for the purposes of Section 2.9, the date which is three months following the date on which the Second Milestone was achieved by the Resulting Issuer, as may be extended;

**“Securities Act”** means the *Securities Act* (British Columbia), as amended;

**“Securities Laws”** means the securities legislation having application, the regulations and rules thereunder and all administrative policy statements, instruments, blanket orders, notices, directions and rulings issued or adopted by the applicable securities regulatory authority, all as amended;

**“SEDAR”** means the System for Electronic Document Analysis and Retrieval;

**“Show Room Unit”** means means a pre-pilot reactor system as described in Schedule D capable of successfully demonstrating the obtaining of Product by application Technology as validated by an independent third party;

**“Special Warrants”** means, collectively, the Class A Special Warrants and the Class B Special Warrants to be issued as part of the Purchase Price;

**“Special Warrants Formula”** means the conversion formula, as set forth in the Note Amending Agreements, to determine the number of Class A Special Warrants to be issued to each Target Noteholder in which the number of Class A Special Warrants shall be equal to the Principal Amount of the Convertible Note plus the amount of accrued but unpaid interest thereon as of the First Milestone Achievement Date, divided by the Purchaser Discounted Share Price;

**“Superior Proposal”** means any bona fide, unsolicited, written Acquisition Proposal made by a Person (and not obtained in violation of Section 11.12) that relates to the acquisition of 100% of the outstanding Target Shares or substantially all of the consolidated assets of the Target, and: (a) that is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal, (b) that, in the case of an Acquisition Proposal to acquire 100% of the outstanding Target Shares, is made available to all Target Vendors on the same terms and conditions, (c) that is not subject to a financing condition and in respect of which any required financing to complete such Acquisition Proposal has been demonstrated to the satisfaction of the Target Board, acting in good faith, as having been obtained or reasonably likely to be obtained, and (d) in respect of which the Target Board determines, in its good faith judgment, after consultation with its outside legal and financial advisors, that (i) failure to recommend such Acquisition Proposal to the Target Vendors would be inconsistent with its fiduciary duties under Applicable Laws, and (ii) having regard for all of its terms and conditions, such Acquisition Proposal would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the Target Vendors from a financial point of view than the transactions contemplated by this Agreement, after

taking into account any change to the transactions contemplated by this Agreement proposed by the Purchaser;

**“Target”** has the meaning set forth on page 1 of this Agreement;

**“Target Accounting Date”** means May 31, 2020;

**“Target Advisors”** has the meaning set forth in Section 11.5(b)(i);

**“Target Assets”** means all assets of the Target, including the Target Intellectual Property as set forth in the Target Disclosure Statement;

**“Target Board”** means the managers of, or the board of directors of, the Target, as applicable;

**“Target Business”** means the obtaining of Product for sale by application of the Technology;

**“Target Convertible Notes”** means convertible promissory notes issued by Target which are convertible at the option of the holder into Target Shares;

**“Technology Development Stages”** means the stages of development of the Technology as set forth in Schedule D that correlate with provisions of the Business Plan and with the Milestones;

**“Target Disclosure Statement”** means the disclosure statement of the Target to be signed and dated by the Target and delivered to the Purchaser: (a) within 10 days of the Execution Date, and (b) at the Closing, as updated to the time of Closing;

**“Target Financial Statements”** means the audited financial statements of the Target for the fiscal years ended November 30, 2018 and 2019 and the auditor-reviewed interim financial statements of Target for the 6 month period ended May 31, 2020 or unless the Closing occurs after October 30, 2020, in which case the auditor-reviewed interim financial statements shall be for the 9 month period ended August 31, 2020 all prepared in accordance with IFRS;

**“Target Intellectual Property”** means the Target Licensed Intellectual Property and the Target Owned Intellectual Property;

**“Target’s Knowledge”** means the knowledge of the directors or officers of the Target, or any one of them;

**“Target Licensed Intellectual Property”** means all Contracts whereby the Target licenses Intellectual Property from any other Person (other than off-the-shelf licenses) as set forth in the Target Disclosure Statement;

**“Target Noteholders”** means the holders of Target Convertible Notes;

**“Target Owned Intellectual Property”** means: (a) any item of Intellectual Property solely owned by the Target (including the patents and patent applications listed on Schedule C), and (b) any item of Intellectual Property in which the Target has or purports to have a joint or shared ownership interest;

**“Target Securities”** means the Target Shares and Target Convertible Notes, and any other securities or other indebtedness of the Target convertible into Target Shares as set out in the Target Disclosure Statement;

“**Target Shares**” means the Class A Common Shares, Class B Common Shares and Class A Preference Shares, all without par value, in the capital of the Target, and “**Target Share**” means any one of them;

“**Target Shareholders**” means the holders of Target Shares;

“**Target Special Warrant Trustee**” means the Principal Vendor;

“**Target Vendor Certificate**” has the meaning set forth in Section 2.7;

“**Target Vendors**” has the meaning set forth on page 1 of this Agreement;

“**Tax**” means any tax (including any income tax, capital gains tax, value-added tax, sales tax, property tax, gift tax or estate tax), levy, assessment, tariff, duty (including any customs duty), deficiency or other fee, and any related charge or amount (including any fine, penalty, interest or addition to tax), imposed, assessed or collected by or under the authority of any Governmental Body, or payable pursuant to any Contract;

“**Tax Return**” means any return (including any information return), report, statement, schedule, notice, form or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection or payment of any Tax, or in connection with the administration, implementation or enforcement of, or compliance with, any Applicable Laws;

“**Technology**” means all of the technology owned, licensed, and used by Target for its processes and designs in respect of hydrochemolysis applied to obtain Products;

“**Third-Party Claim**” has the meaning set forth in Section 14.3(a);

“**Transaction**” means, collectively: (a) the acquisition by the Purchaser of all of the issued and outstanding Target Shares from the Target Vendors and (b) all other transactions contemplated by this Agreement;

“**Transaction Documents**” means this Agreement and any other documents necessary or reasonably required to consummate the transactions contemplated hereby; and

“**U.S. Person**” has the meaning ascribed thereto in Regulation S, as promulgated under the 1933 Act.

“**Zimtu**” means Zimtu Capital Corp.

“**Zimtu Group**” means Zimtu and/or any subsidiaries or affiliates of Zimtu.

## 1.2 Schedules

The following are the schedules to this Agreement:

Schedule A — List of Target Vendors, Target Noteholders and Consideration Shares

Schedule B— Target Vendor Certificate

Schedule C — List of Target Patents and Patent Applications

Schedule D — Technology Development Stages

Schedule E – Form of Note Amending Agreement

### 1.3 Interpretation

For the purposes of this Agreement, except as otherwise expressly provided herein:

- (a) all references in this Agreement to a designated article, section or schedule is to the designated article, section or schedule of or to this Agreement, unless otherwise specifically stated;
- (b) the words “herein”, “hereof” and “hereunder”, and other words of similar import, refer to this Agreement as a whole and not to any particular article, section or schedule;
- (c) the singular of any term includes the plural and vice versa, and the use of any term is equally applicable to any gender and any Person;
- (d) the word “or” is not exclusive and the word “including” is not limiting (whether or not non-limiting language such as “without limitation” or “but not limited to” or other words of similar import are used with reference thereto);
- (e) all accounting terms not otherwise defined in this Agreement have the meanings assigned to them in accordance with IFRS applied on a consistent basis with prior periods;
- (f) except as otherwise provided, any reference to a statute includes, and is a reference to, such statute and to the regulations made pursuant thereto with all amendments made thereto and in force from time to time, and to any statute or regulations that may be passed which have the effect of supplementing or superseding such statute or such regulations;
- (g) where the phrase “to the best of the knowledge of” or phrases of similar import are used in this Agreement, it will be a requirement that the Person in respect of whom the phrase is used will have made such due enquiries as are reasonably necessary to enable such Person to make the statement or disclosure;
- (h) the headings to the articles and sections of this Agreement are inserted for convenience of reference only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;
- (i) any reference to a corporate entity includes, and is also a reference to, any corporate entity that is a successor to such entity;
- (j) the representations, warranties, covenants and agreements contained in this Agreement will not merge at the Closing and will continue in full force and effect from and after the Closing for the applicable period set out in this Agreement; and

- (k) all references to currency are to Canadian dollars (\$). If it is necessary to convert money from another currency to Canadian dollars, such money will be converted using the exchange rates in effect at the date of payment.

## **ARTICLE 2**

### **PURCHASE AND SALE**

#### **2.1 Purchase and Sale of Target Shares**

Subject to the terms and conditions of this Agreement, the Purchaser irrevocably agrees to acquire the Target Shares from the Target Vendors and the Target Vendors irrevocably agree to exchange, assign and transfer the Target Shares to the Purchaser, free and clear of all Liens, on the terms and conditions herein set forth, in consideration for the payment of the Purchase Price by the Purchaser to the Target Vendors and the Target Special Warrant Trustee on behalf of the Target Vendors and the Target Noteholders, such that, immediately following the Closing, all of the issued and outstanding Target Shares will be owned by the Purchaser.

#### **2.2 Consideration for Target Shares**

As consideration for the Target Shares to be acquired by the Purchaser pursuant to the terms of this Agreement, the Purchaser shall at Closing:

- (a) allot and issue an aggregate of 40,000,000 Consideration Shares at a deemed price of \$0.05 per Consideration Share to the Target Vendors in the amount set out opposite each Target Vendor's name in Schedule A, as fully paid and non-assessable Purchaser Shares;
- (b) create and issue an aggregate of 80,000,000 Special Warrants, consisting of 40,000,000 Class A Special Warrants and 40,000,000 Class B Special Warrants, at a deemed price equal to the Purchaser Discounted Share Price, to the Target Special Warrant Trustee to be held in trust until distributed on the First Milestone Achievement Date to:
  - (i) the Target Noteholders, as fully paid and non-assessable securities of the Purchaser, with the actual number of Class A Special Warrants to be distributed to the Target Noteholders being determined by application of the Special Warrants Formula on the First Milestone Achievement Date; and
  - (ii) the Target Vendors pro rata in relation to the number of Consideration Shares set out opposite each Target Vendor's name in Schedule A, as fully paid and non-assessable securities of the Purchaser, with the actual number of Class A Special Warrants to be distributed to each Target Vendor being determined after calculating the number of Class A Special Warrants to be distributed to the Target Noteholders by application of the Special Warrants Formula on the First Milestone Achievement Date, and the actual number of Class B Special Warrants to be distributed to each Target Vendor being determined with reference only to the number of Consideration Shares set out opposite each Target Vendor's name in Schedule A,

and which Special Warrants are convertible for no additional consideration into Resulting Issuer Shares on a one-for-one basis upon the later of (i) the achievement of the First

Milestone, in the case of the Class A Special Warrants, or the achievement of the Second Milestone, in the case of the Class B Special Warrants, as applicable, and (ii) the distribution of the Special Warrants by the Special Warrant Trustee.

(collectively, the “**Purchase Price**”).

### **2.3 No Liability of Purchaser for Special Warrant Distribution**

Following the creation and issuance of the Special Warrants to the Special Warrants Trustee in accordance with Section 2.2 herein, the Purchaser shall not be responsible for any liability arising from the acts or omissions of the Special Warrants Trustee in the distribution of the Special Warrants in accordance with the terms of this Agreement.

### **2.4 No Fractional Consideration Shares or Special Warrants**

Notwithstanding any other provision of this Agreement, no fractional Consideration Shares or Special Warrants will be issued in the Transaction. In lieu of any such fractional securities, any Target Vendor entitled to receive a fractional number of Consideration Shares or Special Warrants, as applicable, will have such fraction rounded down to the nearest whole number of applicable Consideration Shares or Special Warrants, as applicable.

### **2.5 CSE Escrow**

Each of the Target Vendors acknowledges and agrees that the Consideration Securities issued to the Target Vendors may be subject to the escrow provisions imposed by the policies of the CSE. In the event that the CSE requires the Target Vendors to enter an escrow agreement, each of the Target Vendors agrees that, at the Closing, the certificates representing such Target Vendor’s Consideration Securities, and executed stock powers in favour of the Purchaser with respect thereto, will be delivered to an escrow agent (the “**Escrow Agent**”) to be agreed to by the Target and the Purchaser, each acting reasonably, and held in escrow by the Escrow Agent pursuant to the terms and conditions of an escrow agreement (the “**Escrow Agreement**”) in the form required by National Policy 46-201 – *Escrow for Initial Public Offerings*, to be executed by each Related Person (as such term is defined in the policies of the CSE) of the Resulting Issuer as at the Closing Date, prior to the Closing.

### **2.6 Exemptions**

Each of the Target Vendors hereby acknowledges and agrees with the Purchaser as follows:

- (a) the transfer of the Target Shares to the Purchaser and the issuance of the Consideration Securities to the Target Vendors, will be made pursuant to appropriate exemptions (the “**Exemptions**”) from the formal takeover bid and registration and prospectus (or equivalent) requirements of Applicable Securities Laws;
- (b) as a consequence of acquiring the Target Shares and issuing the Consideration Securities pursuant to the Exemptions:
  - (i) the Purchaser is relying on exemptions from the requirements to provide the Target Vendors with a prospectus and to sell securities through a Person registered to sell securities under Applicable Securities Laws and, as a



consequence of acquiring securities pursuant to such exemptions, certain protections, rights and remedies provided by Applicable Securities Laws, including statutory rights of rescission or damages, will not be available to the Target Vendors;

- (ii) the Target Vendors may not receive information that might otherwise be required to be provided to the Target Vendors, and the Purchaser is relieved from certain obligations that would otherwise apply under Applicable Securities Laws if the Exemptions were not being relied upon by the Purchaser;
  - (iii) there is no government or other insurance covering the Consideration Securities;
  - (iv) there are risks associated with the acquisition of the Consideration Securities;
  - (v) there are restrictions on the Target Vendors' ability to resell the Consideration Securities, and it is the responsibility of each Target Vendor to find out what those restrictions are and to comply with them before selling such securities; and
  - (vi) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Consideration Securities;
- (b) each of the Target Vendors is knowledgeable of, or has been independently advised as to, the Applicable Laws of that jurisdiction which applies to the sale of the Target Shares and the issuance of the Consideration Securities and which may impose restrictions on the resale of such Consideration Securities in that jurisdiction and it is the responsibility of each Target Vendor to become aware of what those trade restrictions are, and to comply with them before selling the Consideration Securities; and
- (c) the Consideration Securities may be subject to certain resale restrictions under Applicable Securities Law, and the Target Vendors agree to comply with such restrictions and the Target Vendors also acknowledge that the certificates for the Consideration Securities may bear an applicable legend or legends respecting restrictions on transfers as required under Applicable Securities Law (or legend notation on each applicable Issuer Consideration Security issued electronically in a direct registration system), and that each Target Vendor has been advised to consult the Target Vendor's own legal advisor with respect to applicable resale restrictions and that each is solely responsible for complying with such restrictions.

## **2.7 U.S. Securityholders**

In order to induce the Purchaser to enter into this Agreement and complete its obligations hereunder, each Target Vendor who is a U.S. Person or is in the United States at the time of execution of this Agreement (the "**U.S. Target Vendor**") agrees to deliver to the Purchaser a fully completed and executed certificate in the form attached at Schedule B (the "**Target Vendor Certificate**"), and agrees that the representations and warranties set out in the Target Vendor Certificate as executed by such Target Vendor, as applicable, will be true and complete as of the date of this Agreement and as at the Closing.

Unless a Target Vendor has delivered a Target Vendor Certificate, each such Target Vendor represents and warrants that such Target Vendor is not a U.S. Person and was not in the United States at the time of execution of this Agreement.

## **2.8 First Milestone Protection Plan**

Subject to paragraphs (a), (b) and (c) below, if, within 3 months of completing the First Milestone the Resulting Issuer has (i) not completed a financing (the “**First Financing**”) resulting in gross proceeds received by the Resulting Issuer of at least \$2.5 million or (ii) completed the First Financing resulting in gross proceeds received by the Resulting Issuer of at least \$2.5 million but which First Financing has occurred at a per share price of less than or equal to \$0.18 per share then the First Milestone Restricted Shares shall be purchased by the Resulting Issuer for an aggregate amount of \$1.00 on the First Milestone Share Repurchase Date;

- (a) notwithstanding the foregoing, if prior to the First Milestone Share Repurchase Date, the Resulting Issuer has completed the First Financing of greater than \$1.25 million, the First Milestone Share Repurchase Date shall be extended by three months and if within such additional 3 month period the Resulting Issuer completes one or more additional closings of the First Financing such that the aggregate gross proceeds of the First Financing are at least \$2.5 million and the per share price of the First Financing is greater than \$0.18 the Resulting Issuer shall not repurchase any First Milestone Restricted Shares;
- (b) notwithstanding the foregoing, if the Resulting Issuer has closed the First Financing for gross proceeds of less than \$2.5 million but greater than \$1.25 million prior to the First Milestone Share Repurchase Date (as may be extended pursuant to (a) above) and the per share price of the First Financing is greater than \$0.18, the number of First Milestone Restricted Shares to be repurchased for an aggregate amount of \$1.00 shall be reduced by multiplying the number of such shares by a fraction the numerator of which is the gross proceeds raised in the First Financing and the denominator of which is \$2,500,000; and
- (c) notwithstanding the foregoing, if prior to the First Milestone Share Repurchase Date the Resulting Issuer has determined that it does not need to raise additional capital through the issuance of securities requiring Zimtu to act as a finder or a broker for a financing following the achievement of the First Milestone no First Milestone Restricted Shares shall be repurchased.

## **2.9 Second Milestone Protection Plan**

Subject to paragraphs (a), (b) and (c) below, if, within 3 months of completing the Second Milestone through achieving item 1, 2 or 3 of the definition of “Second Milestone” in Section 1.1, the Resulting Issuer has (i) not completed a financing (the “**Second Financing**”) resulting in gross proceeds received by the Resulting Issuer of at least \$4.5 million or (ii) completed the Second Financing resulting in gross proceeds received by the Resulting Issuer of at least \$4.5 million but which Second Financing has occurred at a per share price of less than or equal to \$0.30 per share then the Second Milestone Restricted Shares shall be purchased by the Resulting Issuer for an aggregate amount of \$1.00 on the Second Milestone Share Repurchase Date;

- (a) notwithstanding the foregoing, if prior to the Second Milestone Share Repurchase Date, the Resulting Issuer has completed the Second Financing of at least \$2.25 million, the

Second Milestone Share Repurchase Date shall be extended by three months and if within such additional 3 month period the Resulting Issuer completes one or more additional closings of the Second Financing such that the aggregate gross proceeds of the Second Financing are at least \$4.5 million and the per share price of the Second Financing is greater than \$0.30 the Resulting Issuer shall not repurchase any Second Milestone Restricted Shares;

- (b) notwithstanding the foregoing, if the Resulting Issuer has closed the Second Financing for gross proceeds of less than \$4.5 million but greater than \$2.25 million prior to the Second Milestone Share Repurchase Date (as may be extended pursuant to (a) above) and the per share price of the Second Financing is greater than \$0.30, the number of Second Milestone Restricted Shares to be repurchased for an aggregate amount of \$1.00 shall be reduced by multiplying the number of such shares by a fraction the numerator of which is the gross proceeds raised in the Second Financing and the denominator of which is \$4,500,000.
- (c) notwithstanding the foregoing, if prior to the Second Milestone Share Repurchase Date the Resulting Issuer has determined that it does not need to raise additional capital through the issuance of securities requiring Zimtu to act as a finder or a broker for a financing following the achievement of item 1, 2 or 3 of the definition of "Second Milestone" in Section 1.1, no Second Milestone Restricted Shares shall be repurchased.

### **ARTICLE 3**

#### **REPRESENTATIONS AND WARRANTIES OF THE TARGET**

The Target makes the following representations to the Purchaser, as at the Execution Date and as at the Closing, and acknowledges and agrees that the Purchaser is relying upon such representations and warranties, each of which is qualified in its entirety by the matters described in the Target Disclosure Statement, in connection with the execution, delivery and performance of this Agreement:

#### **3.1 Organization and Good Standing**

- (a) As at the date of this Agreement, the Target is a corporation duly organized, validly existing and in good standing under the laws of jurisdiction in which it was incorporated, and, as at the Closing, the Target will be a corporation duly organized, validly existing and in good standing under the laws of jurisdiction in which it was incorporated.
- (b) The Target has full corporate power, authority and capacity to conduct its business as it has been and is presently conducted, to own, operate or use the properties and assets that it purports to own, operate or use, and to perform all of its obligations under any applicable Contracts. The Target is duly qualified to do business and is in good standing under the laws of each jurisdiction in which the failure to be so registered would be likely to result in a Material Adverse Effect on the Target or the Target Business.
- (c) The Target Disclosure Statement sets forth each jurisdiction in which the Target is licensed or qualified to do business, and the Target is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the owning or leasing of the Target Assets or the operation of the Target Business makes such licensing or qualification necessary.

### **3.2 Capitalization**

- (a) The entire authorized and issued Target Securities are as set out in the Target Disclosure Statement. To the Target's Knowledge, all of the issued and outstanding Target Shares are owned of record and beneficially by the Target Vendors, free and clear of all Liens. All of the outstanding Target Securities have been duly authorized and validly issued and are fully paid and non-assessable. None of the outstanding Target Securities were issued in violation of any Applicable Laws. Other than as set out in the Target Disclosure Statement, the Target does not own, or have any Contract to acquire, any securities of any Person, or any direct or indirect equity or ownership interest in any other business. There are no Contracts purporting to restrict the transfer of any of the Target Securities, or restricting or affecting the voting of any of the Target Securities to which the Target or, to the Target's Knowledge, any Target Vendor is a party, or of which the Target is aware.
- (b) Except as agreed to by Purchaser in writing prior to Closing, there will at Closing be no outstanding share purchase options, rights to acquire shares or other contractual rights pursuant to which Target is obligated to issue additional Target Shares; and
- (c) To the Target's Knowledge, at Closing no person other than Purchaser will have any agreement, option, understanding or commitment, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, option or commitment for the purchase of any Target Shares and Schedule A sets out a list of all persons who currently have any such rights.
- (d) Target shall use its commercially reasonable efforts to cause 100% of the Target Shares to be tendered for sale and purchase by Purchaser at the Closing.

### **3.3 Not an Offering Corporation**

The Target is not offering, nor has it offered, any of the Target Securities to the public within the meaning of Applicable Securities Laws and is not a reporting issuer thereunder. There is no published market in respect of the Target Securities in any jurisdiction. The number of securityholders of the "securities" of the Target (as that term is defined in the Securities Act) at the commencement of the bid to acquire such "securities" of the Target by the Purchaser is not more than 50, exclusive of securityholders who (i) are in the employment of the Target or an affiliate of the Target (as contemplated in National Instrument 62-104 *Take-Over Bids and Issuer Bids* of the Canadian Securities Administrators), or (ii) were formerly in the employment of the Target or in the employment of an entity that was an affiliate of the Target (as contemplated in National Instrument 62-104 *Take-Over Bids and Issuer Bids* of the Canadian Securities Administrators) at the time of that employment, and who while in that employment were, and have continued after that employment to be, securityholders of the Target.

### **3.4 Absence of Rights to Acquire Securities**

Other than as set out in this Agreement and other than as set out in the Target Disclosure Schedule, no Person has any Contract or right, present or future, contingent or absolute, capable of becoming a Contract:

- (a) to require the Target to issue any Target Securities; or

- (b) to require the Target to purchase, redeem or otherwise acquire any Target Securities.

### **3.5 Authority**

The Target and, to the Target's Knowledge, each of the Target Vendors have all requisite power and authority to execute and deliver the Transaction Documents to be signed by them, to perform their respective obligations thereunder, and to consummate the transactions contemplated hereby. No other corporate or shareholder Proceedings on the part of the Target or, to the Target's Knowledge, any of the Target Vendors is necessary to authorize the Transaction Documents or to consummate the Transaction. No other corporate or shareholder proceedings on the part of the Target or, to the Target's Knowledge, any of the Target Vendors are necessary to authorize such documents or to consummate the transactions contemplated hereby. The execution and delivery by the Target and, to the Target's Knowledge, each Target Vendor of this Agreement and the performance by the Target or, to the Target's Knowledge, the Target Vendors of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:

- (a) result in a violation, contravention or breach, constitute a default under, or entitle any third party to terminate, accelerate, modify or call any obligations or rights under, require any consent to be obtained under or give rise to any termination rights under any provision of:
  - (i) the notice of articles and articles of the Target; or
  - (ii) any Contract to which the Target or, to the Target's Knowledge, any of the Target Vendors is bound or is subject to or of which the Target or, to the Target's Knowledge, any of the Target Vendors is the beneficiary,in each case, which would, individually or in the aggregate, have a Material Adverse Effect on the Target;
- (b) cause any indebtedness owing by the Target to come due before its stated maturity or cause any available credit to cease to be available which would, individually or in the aggregate, have a Material Adverse Effect on the Target;
- (c) result in or accelerate the time for payment or vesting of, or increase the amount of, any severance, unemployment compensation, "golden parachute", change of control provision, bonus, termination payments, retention bonus or otherwise, becoming due to any director or officer of the Target or increase any benefits otherwise payable under any pension or benefits plan of the Target or result in the acceleration of the time of payment or vesting of any such benefits; or
- (d) result in the revocation, suspension, cancellation, variation or non-renewal of any claims, concessions, licenses, leases or other instruments, conferring rights in respect of the Target Assets.

### **3.6 No Conflict**

Neither the execution and delivery of this Agreement, nor the consummation or performance of any of the transactions contemplated herein, will, directly or indirectly (with or without notice or lapse of time or both):

- (a) contravene, conflict with, or result in a violation of any provision of the Organizational Documents of the Target or any resolution adopted by the Target Board;
- (b) contravene, conflict with, or result in a violation of, or give any Governmental Body or other Person the right to challenge any of the transactions contemplated herein or to exercise any remedy or obtain any relief under, any Applicable Laws to which the Target, or any of its assets, may be subject;
- (c) contravene, conflict with, or result in a violation of, any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any governmental authorization that is held by the Target, or that otherwise relates to the Target Business or any of the Target Assets;
- (d) to the Target's Knowledge, cause the Target to become subject to, or to become liable for the payment of, any Tax;
- (e) to the Target's Knowledge, cause any of the Target Assets to be reassessed or revalued by any Governmental Body;
- (f) contravene, conflict with, or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate, or modify, any Material Contract;
- (g) result in the imposition or creation of any Liens upon or with respect to any of the Target Assets or any of the Target Securities; or
- (h) require the Target to obtain any consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the transactions contemplated herein.

### **3.7 Subsidiaries**

The Target has no subsidiaries and no Material Interest in any other Person.

### **3.8 Partnerships or Joint Ventures**

Except as set out in the Target Disclosure Statement, the Target is not a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind, including as a beneficiary or trustee in any trust arrangement, and is not party to any agreement under which it agrees to carry on any part of the Target Business or any other activity in such manner, or by which the Target agrees to share any revenue or profit with any other Person.

### 3.9 Financial Statements

- (a) The Target Financial Statements, as and when delivered, will:
  - (i) be in accordance with the books and records of the Target;
  - (ii) present fairly the financial condition of the Target as of the respective dates indicated and the results of operations for such periods; and
  - (iii) be prepared in accordance with IFRS and reflect the consistent application of IFRS throughout the periods involved.
- (b) All material financial transactions of the Target have been accurately recorded in the books and records of the Target and such books and records fairly present the financial position and the affairs of the Target.
- (c) Other than the costs and expenses incurred in connection with the negotiation and consummation of the transactions contemplated herein, the Target has no material Liabilities, net of cash, which:
  - (i) will not be set forth in the Target Financial Statements, as and when delivered, or have not heretofore been paid or discharged;
  - (ii) did not arise in the regular and ordinary course of business of the Target; or
  - (iii) have not been incurred in amounts and pursuant to practices consistent with past business practice, in or as a result of the regular and ordinary course of its business since the Target Accounting Date.
- (d) Except to the extent reflected or reserved against in the Target Financial Statements, as and when delivered, or incurred subsequent to the Target Accounting Date in the ordinary and usual course of the Target Business or pursuant to the Bridge Loan, the Target has no outstanding Liabilities, and any Liabilities incurred by the Target in the ordinary and usual course of business since the Target Accounting Date have not had a Material Adverse Effect on the Target or the Target Business.
- (e) Since the Target Accounting Date, there have not been:
  - (i) any changes in the condition or operations of the Target Business, the Target Assets or the financial affairs of the Target which have caused, individually or in the aggregate, a Material Adverse Effect on the Target or the Target Business; or
  - (ii) any damage, destruction or loss, labour trouble or other event, development or condition, of any character (whether or not covered by insurance), which has or may cause a Material Adverse Effect on the Target or the Target Business.
- (f) Since the Target Accounting Date, other than as disclosed in the Target Disclosure Statement, as contemplated by this Agreement, pursuant to the Bridge Loan or in the ordinary and usual course of business of the Target, the Target has not:

- (i) transferred, assigned, sold or otherwise disposed of any of the Target Assets or reflected in the Target Financial Statements, as and when delivered, or cancelled any debts or claims;
- (ii) incurred or assumed any Liability;
- (iii) issued or sold any Target Securities;
- (iv) discharged or satisfied any Liens, or paid any Liabilities, other than current Liabilities or the current portion of long term Liabilities disclosed in the Target Financial Statements, as applicable, as and when delivered, or current Liabilities incurred since the date thereof in the ordinary and usual course of business;
- (v) declared, made, or committed itself to make any payment of any dividend or other distribution in respect of any of the Target Securities, nor purchased, redeemed, subdivided, consolidated, or reclassified any Target Securities;
- (vi) made any gift of money or of any Target Assets to any Person;
- (vii) purchased or sold any Target Assets to any Person outside of the ordinary course of business;
- (viii) made commitments or agreements for capital expenditures or capital additions or betterments exceeding \$5,000;
- (ix) amended or changed, or taken any action to amend or change, its Organizational Documents;
- (x) made payments of any kind to or on behalf of either a Target Vendor or any Related Parties of a Target Vendor, nor under any management agreement, save and except business related expenses and salaries in the ordinary and usual course of business and at the regular rates payable;
- (xi) other than as contemplated by this Agreement, created, incurred, assumed or guaranteed any indebtedness for money borrowed, or subjected any of the Target Assets to any Lien of any nature whatsoever;
- (xii) made or suffered any amendment or termination of any Material Contract, or cancelled, modified or waived any substantial debts or claims held by it or waived any rights of substantial value, other than in the ordinary course of business;
- (xiii) increased the salaries or other compensation of, or made any advance (excluding advances for ordinary and necessary business expenses) or loan to, any of its Employees, or made any increase in, or any addition to, other benefits to which any of its Employees may be entitled;
- (xiv) adopted, or increased the payments to or benefits under, any Employee Plan; or



- (xv) authorized or agreed, or otherwise have become committed, to do any of the foregoing.
  
- (g) The Target has no guarantees, indemnities or contingent or indirect obligations with respect to the Liabilities of any other Person, including any obligation to service the debt of, or otherwise acquire an obligation of, another Person, or to supply funds to, or otherwise maintain any working capital or other balance sheet condition of, any other Person.

### **3.10 Books and Records**

The corporate records and minute books of the Target have been maintained in accordance with all applicable Laws and are complete and accurate in all material respects, except where such incompleteness or inaccuracy would not have a Material Adverse Effect on the Target. Financial books and records and accounts of the Target, in all material respects:

- (a) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice;
- (b) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of assets of the Target; and
- (c) accurately and fairly reflect the basis for the Target Financial Statements, as and when provided.

### **3.11 Title to Personal Property and Sufficiency of Assets**

The Target possesses, and has good and marketable title to, all personal property reasonably necessary for the continued operation of the Target Business as presently conducted, including all Target Assets reflected in the Target Financial Statements or acquired since the Target Accounting Date. All such property is in reasonably good operating condition (normal wear and tear excepted), and is reasonably fit for the purposes for which such property is presently used. All material equipment, furniture, fixtures and other tangible personal property and other Target Assets are owned by the Target free and clear of all Liens.

### **3.12 Title to Real Property**

The Target possesses, and has good and marketable title to, all real property and leaseholds or other such interests necessary for the continued operation of the Target Business as presently conducted, including all real property and leaseholds reflected in the Target Financial Statements or acquired since the Target Accounting Date. All such property is reasonably fit for the purposes for which such property is presently used. All material real property and leaseholds are owned or leased by the Target free and clear of all Liens. The Target has delivered or made available to the Purchaser copies of the deeds and other instruments (as recorded) by which the Target acquired such real property and interests, and copies of all title insurance policies, opinions, abstracts and surveys in the possession of the Target relating to such property and interests.

### 3.13 Intellectual Property

- (a) The Target Disclosure Statement lists all: (i) registered Target Intellectual Property, and (ii) Target Intellectual Property that the Target proposes to register within the next six months. All required filings and fees related to the Target Intellectual Property have been timely filed with, and paid to, the relevant Governmental Bodies, and all Target Intellectual Property is otherwise in good standing. The Target has made available to the Purchaser true and complete copies of file histories, documents, certificates, office actions, correspondence and other materials related to all registered Target Intellectual Property.
- (b) The Target Intellectual Property is subsisting, valid and enforceable, and neither the Target nor any Target Vendor has received notice of any Proceeding challenging the extent, validity or enforceability of, or the Target's or any Target Vendor's ownership of, any Target Owned Intellectual Property, in whole or in part, and in the case of pending applications for Target Intellectual Property, neither the Target nor any Target Vendor has received notice of any Proceeding seeking to oppose any such application, or have any such application canceled, re-examined or found invalid, in whole or in part.
- (c) The Target Disclosure Statement lists all Contracts regarding, or related to, the Target Intellectual Property. The Target has made available to the Purchaser true and complete copies of all such Contracts, including all modifications, amendments and supplements thereto and waivers thereunder. Each of such Contracts is valid and binding on the Target in accordance with its terms and is in full force and effect. Neither the Target nor, to the Target's Knowledge, any other party to any such Contract is in breach of, or default under (or is alleged to be in breach of or default under), or has provided or received any notice of breach or default of, or any intention to terminate, any such Contract. Neither the Target nor, to the Target's Knowledge, any Target Vendor has permitted or licensed any Person to use any of the Target Owned Intellectual Property. Except pursuant to the terms of the Contracts, the Target has not agreed to indemnify any Person against any charge of infringement or other violation with respect to Intellectual Property.
- (d) Except as set out in the Target Disclosure Statement, the Target is the sole and exclusive legal and beneficial owner, and with respect to the Target Owned Intellectual Property, registered owner, of all of the Target's right, title and interest in and to the Target Intellectual Property, and has the valid right to use all other Intellectual Property used in or necessary for the conduct of the Target Business, in each case, free and clear of Encumbrances (other than the licenses or other agreements governing such use of such Intellectual Property which are, except for licenses for commercial off the shelf software, set out in the Target Disclosure Statement). Without limiting the generality of the foregoing, the Target has entered into binding, written Contracts with every current and former Employee of the Target, and with every current and former independent contractor or consultant to the Target, whereby such Employee(s), contractor(s) and consultant(s) have: (i) assigned to the Target any ownership interest and right they may have in any Target Intellectual Property and have waived any moral rights or any rights to similar effect in any country or at common law they may have therein for the benefit of the Target; (ii) acknowledged the Target's exclusive ownership of all Target Owned Intellectual Property, and (iii) entered into nondisclosure agreements pursuant to which

they have agreed to maintain the confidentiality of the Target Intellectual Property. The Target has made available to the Purchaser true and complete copies of all such Contracts.

- (e) Except as otherwise disclosed in this Agreement, the consummation of the transactions contemplated in this Agreement will not result in the loss or impairment of, or payment of any additional amounts with respect to, nor require the consent of any other Person in respect of, the Target's right to own, use or hold for use any Intellectual Property as owned, used or held for use in the conduct of the Target Business.
- (f) The Target's rights in the Target Intellectual Property are valid, subsisting and enforceable. The Target has taken all reasonable steps to maintain the Target Intellectual Property and to protect and preserve the confidentiality of all trade secrets included in the Target Owned Intellectual Property, including requiring all Persons having access thereto to execute written non-disclosure Contracts.
- (g) The conduct of the Target Business as currently and formerly conducted, and the products, processes and services of the Target, have not infringed, misappropriated, diluted or otherwise violated, and do not infringe, dilute, misappropriate or otherwise violate, the Intellectual Property or other rights of any Person. To the Target's Knowledge, no Person has infringed, misappropriated, diluted or otherwise violated, or is currently infringing, misappropriating, diluting or otherwise violating, any Target Intellectual Property.
- (h) All of the Target Intellectual Property is either: (i) owned solely by the Target, free and clear of any Encumbrances other than Permitted Encumbrances set forth in the Target Disclosure Statement; or (ii) rightfully used and authorized for use by the Target pursuant to a valid and enforceable written license. Except (i) as noted in the Target Disclosure Statement, and (ii) for commercial off the shelf software, the Target Intellectual Property constitutes all of the Intellectual Property necessary to carry on the business of the Target by the Purchaser following the Closing, consistent with the manner in which it was conducted prior to the Closing, and neither the Target nor any of the Target Vendors is obligated to provide any consideration (whether financial or otherwise) to any other Person nor is any other Person otherwise entitled to any consideration, with respect to any exercise of rights by the Target or the Purchaser in the Target Intellectual Property (other than with respect to maintenance costs associated with the Target Owned Intellectual Property and license fees and other payments associated with the Target Licensed Intellectual Property).
- (i) There is no Proceeding (including any oppositions, interferences or re-examinations) settled, pending or, to the Target's Knowledge, threatened (including in the form of offers to obtain a license): (i) alleging any infringement, misappropriation, dilution or violation of the Intellectual Property of any Person by the Target; (ii) challenging the validity, enforceability, registrability or ownership of any Target Intellectual Property or the Target's rights with respect to any Target Intellectual Property; or (iii) by the Target or any other Person alleging any infringement, misappropriation, dilution or other violation by any Person of the Target Intellectual Property, and neither the Target nor any Target Vendor is party to any other Proceeding with respect to any Target Intellectual Property

or, to the Target's Knowledge, any other rights arising with respect to any Intellectual Property.

- (j) The Target is not subject to any outstanding Order (including any motion or petition therefor) that does or would restrict or impair the use of any Target Intellectual Property.
- (k) The consummation of the Transaction will not alter, impair or otherwise adversely affect any rights or obligations of the Target in any of the Target Intellectual Property, and, immediately after the Closing, the Target will be able to maintain all of the Target's rights thereto as they existed at the Closing, without modification or impairment.
- (l) No third-party licensed Target Licensed Intellectual Property is subject to revocation or termination upon a change of control of the Target. Except for in respect of the Target Licensed Intellectual Property, commercial off-the-shelf software or otherwise as disclosed in the Target Disclosure Statement, the Target is not required to pay any royalty or other fees to any other Person in respect of its use of Intellectual Property.

### **3.14 Material Contracts**

The Target has made available to the Purchaser all Material Contracts of the Target, a list of which is included in the Target Disclosure Statement. The Target is not party to or bound by any other Material Contract, whether oral or written, and the Material Contracts are all valid and subsisting, in full force and effect and unamended, and no material default or violation exists in respect thereof on the part of the Target or, to the best of the knowledge of the Target, on the part of any of the other parties thereto. The Target is not aware of any intention on the part of any of the other parties thereto to terminate or materially alter any Material Contracts or any event that, with notice or the lapse of time, or both, will create a material breach or violation thereof, or default under any Material Contracts. To the knowledge of the Target and each Target Vendor, the continuation, validity and effectiveness of each Material Contract will in no way be affected by the consummation of the transactions contemplated by this Agreement. There exists no actual or threatened termination, cancellation, or limitation of, or any amendment, modification or change to, any Material Contract to which the Target is a party.

### **3.15 Tax Matters**

- (a) The Target has filed, or caused to be filed, all Tax Returns that are or were required to be filed by, or with respect to, the Target, either separately or as a member of a group of corporations, pursuant to all Applicable Laws. The Target has made available to the Purchaser copies of all such Tax Returns filed by the Target. The Target has not given, or been requested to give, waivers or extensions (or is or would be subject to a waiver or extension given by any other Person) of any statute of limitations relating to the payment by the Target, or for which the Target may be liable.
- (b) All Taxes that the Target is or was required to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the proper Governmental Body or other Person.
- (c) All Tax Returns filed by (or that include on a consolidated basis) the Target are true, correct, and complete. There is no tax sharing agreement that will require any payment by the Target after the Execution Date.

- (d) The Target has paid all Taxes that have become or are due with respect to any period ended on or prior to the Execution Date, and has established an adequate reserve therefor in the Target Financial Statements for those Taxes not yet due and payable, except for: (i) any Taxes the non-payment of which will not have a Material Adverse Effect on the Target, and (ii) such Taxes, if any, as are listed in the Target Disclosure Statement and are being contested in good faith and as to which adequate reserves (determined in accordance with IFRS) have been provided in the Target Financial Statements.
- (e) The Target is not presently under, nor has it received notice of, any contemplated investigation or audit by any Governmental Body concerning any fiscal year or period ended prior to the Closing.
- (f) The Target Financial Statements, as and when delivered, will contain full provision for all Taxes, including any deferred Taxes that may be assessed to the Target, for the accounting period ended on the Target Accounting Date or for any period in respect of any transaction, event or omission occurring, or any profit earned, on or prior to the Target Accounting Date or for which the Target is accountable up to such date and all contingent Liabilities for Taxes have been provided for or disclosed in the Target Financial Statements.

### **3.16 No Agents**

No broker, agent or other intermediary has been engaged by the Target in connection with the transactions contemplated hereby and, consequently, no commission is payable or due to a third party from the Target.

### **3.17 Employment Matters**

- (a) The Target Disclosure Statement includes a list of each Employee of the Target, which includes: (i) the name of each Employee of the Target (except as prohibited under Applicable Laws), (ii) each Employee's current position and any prior positions held with the Target and any predecessor thereof, (iii) the date of each Employee's initial commencement of employment or engagement with the Target or any predecessor thereof, (iv) their current salary, and (v) each Employee's term of employment or engagement.
- (b) The Target has made available to the Purchaser:
  - (i) correct and complete copies of all documents embodying each Employee Plan and each Employee Contract with respect to the Target, including all amendments thereto, and copies of all documents used in connection therewith, a list of which is included in the Target Disclosure Statement;
  - (ii) the most recent annual actuarial valuations, if any, prepared for each Employee Plan of the Target;
  - (iii) if any Employee Plan of the Target is funded, the most recent annual and periodic accounting of such Employee Plan assets; and

- (iv) all communications material to any Employee of the Target relating to any Employee Plan and any proposed Employee Plan, in each case, relating to any amendments, terminations, establishments, increases or decreases in benefits, acceleration of payments or vesting schedules or other events which would result in any material liability to the Target.
- (c) The Target has performed, in all material respects, all obligations required to be performed by it under, is not in default or violation of, and has no knowledge of any default or violation by another party to any Employee Plan, and all Employee Plans have been established and maintained in all material respects in accordance with their respective terms and in substantial compliance with all Applicable Laws. There are no actions, suits or claims pending, or, to the knowledge of the Target, threatened or anticipated (other than routine claims for benefits), against any Employee Plan or against the assets of any Employee Plan. The Employee Plans can be amended, terminated or otherwise discontinued after the Closing in accordance with their terms, without liability to the Target, the Purchaser or any Affiliate thereof (other than ordinary administration expenses typically incurred in a termination event). There are no audits, inquiries or proceedings pending or, to the knowledge of the Target, threatened, by any Governmental Body in respect of any Employee Plans or Proposed Employee Plans.
- (d) The execution of this Agreement and the consummation of the transactions contemplated hereby will not (either alone or upon the occurrence of any additional or subsequent events) constitute an event under an Employee Plan, Employee Contract, trust or loan that will or may result in any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits with respect to any Employee of the Target.
- (e) The Target:
  - (i) is in compliance in all material respects with all Applicable Laws respecting employment, employment practices, terms and conditions of employment, and wages and hours with respect to all of its Employees;
  - (ii) has withheld all amounts required by law or by agreement to be withheld by it from the wages or salaries of, and other payments to, Employees;
  - (iii) is not liable for any arrears of wages, taxes or any penalty for failure to comply with any of the foregoing;
  - (iv) is not liable for any payment to any trust or other fund or to any Governmental Body with respect to unemployment compensation benefits, social security or other benefits for its Employees (other than routine payments to be made in the normal course of business and consistent with past practice);
  - (v) has or will, as of the Closing Date, have provided its Employees with all wages, benefits, stock options, bonuses, incentives and all other compensation that are, or have become, due and payable through to the Closing; and

- (vi) represents that in the last three years, no citation has been issued by any Governmental Body against it, and no notice of contest, claim, complaint, charge, investigation or other administrative enforcement proceeding involving it has been filed or is pending or, to its knowledge, threatened, against it under any Applicable Law relating to occupational safety and health.
- (f) No work stoppage, labour strike or other “concerted action” involving Employees of, or against, the Target is pending or, to the knowledge of the Target, threatened. The Target is not involved in, and, to the knowledge of the Target or any Target Vendor, the Target is not threatened with, any labour dispute, grievance, or litigation relating to labour, safety or discrimination matters involving any Employee of the Target, including charges of unfair labour practices or discrimination complaints, which, if adversely determined, would, individually or in the aggregate, result in a Material Adverse Effect on the Target or the Target Business. The Target is not presently, nor has been in the past, a party to, or bound by, any collective bargaining agreement or union contract with respect to any Employees, and no collective bargaining agreement is being negotiated. There are no activities or proceedings of a labour union to organize any of the Employees of the Target.
- (g) Except for claims by Employees under any applicable workers’ compensation or similar legislation which, if adversely determined, would not, either individually or in the aggregate, have a Material Adverse Effect on the Target or the Target Business, there are no complaints, claims or charges pending or outstanding or, to the knowledge of the Target or any Target Vendor, anticipated, and there are no orders, decisions, directions or convictions currently registered or outstanding by any Governmental Body against, or in respect of, the Target under or in respect of any employment legislation.
- (h) The Target Disclosure Statement lists all Employees in respect of whom the Target has been advised by any workers compensation or similar authority that such Employees are in receipt of benefits under workers’ compensation or similar legislation. There are no appeals pending before any workers compensation or similar authority involving the Target, and all levies, assessments and penalties made against the Target pursuant to workers’ compensation or similar legislation have been paid. The Target is not aware of any audit currently being performed by any workers compensation or similar authority with respect to the Target, and all payments required to be made in respect of termination or severance pay under any employment standards or similar legislation in respect of any Employee have been made by the Target.

### **3.18 Consents**

No authorization, approval, order, license, permit or consent of any Governmental Body or any other Person, and no registration, declaration or filing by the Target with any such Governmental Body or other Person, is required in order for the Target to:

- (a) consummate the transactions contemplated by this Agreement;
- (b) execute and deliver all of the Transaction Documents;
- (c) duly perform and observe the terms and provisions of this Agreement; or

- (d) render this Agreement legal, valid, binding and enforceable.

### **3.19 Compliance**

- (a) The Target is, and at all times has been, in material compliance with all requirements of each Governmental Body required for the operation of the Target Business.
- (b) No event has occurred or circumstance exists that may (with or without notice or lapse of time) constitute or result, directly or indirectly, in a violation of, or a failure to comply with, any requirement of any Governmental Body required for the operation of the Target Business, or may result directly or indirectly, in the revocation, withdrawal, suspension, cancellation or termination of, or any modification to, any authorization of any Governmental Body required for the operation of the Target Business.
- (c) The Target has not received any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding any actual, alleged, possible, or potential violation of, or failure to comply with, any requirement of any Governmental Body, or any actual, proposed, possible, or potential revocation, withdrawal, suspension, cancellation, termination of, or modification of any authorization of any Governmental Body.
- (d) All applications required to have been filed for the renewal of any authorizations required from any Governmental Body for the operation of the Target Business have been duly filed on a timely basis with each applicable Governmental Body, and all other filings required to have been made with respect to such authorizations have been duly made on a timely basis with each applicable Governmental Body.

### **3.20 Legal Proceedings**

- (a) There is no pending Proceeding:
  - (i) that has been commenced by or against the Target or that otherwise relates to or may affect the Target Business or any of the Target Assets; or
  - (ii) that challenges, or that may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the transactions contemplated herein.
- (b) To the knowledge of the Target and each Target Vendor, no Proceeding has been threatened against the Target or with respect to the Target Business, and no event has occurred or circumstance exists, that may give rise to or serve as a basis for the commencement of any such Proceeding.
- (c) There is no Order to which any of the Target, the Target Business or any of the Target Assets is subject.
- (d) No Employee or agent of the Target is subject to any Order that prohibits such Employee or agent from engaging in or continuing any conduct, activity or practice relating to the Target Business.



### **3.21 Operating Permits and Licenses**

The Target owns or holds all material permits, licenses, consents, authorizations, approvals, privileges, waivers, exemptions, Orders (inclusionary or exclusionary) or other concessions required in connection with the conduct of the Target Business, except to the extent such failure would not reasonably be expected to result in a Material Adverse Effect with respect to the Target. All such permits and licenses are valid and enforceable, each in accordance with its respective terms, and no party to any of them is in default thereunder or in breach thereof, or would, with the giving of notice or the lapse of time or both, be in breach or default thereof, except to the extent such default would not reasonably be expected to result in a Material Adverse Effect with respect to the Target.

### **3.22 Listing Statement**

The description of the Target to be provided by the Target for inclusion in the Listing Statement shall not, at the time of filing thereof on SEDAR and assuming that such description is included without material alteration in the Listing Statement, fail to be true and correct in any material respect or contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements in such description, in light of the circumstances under which they are made, not misleading.

### **3.23 Insurance**

- (a) All insurance policies to which the Target is a party:
  - (i) are valid, outstanding and enforceable;
  - (ii) are listed in the Target Disclosure Statement;
  - (iii) have been made available for review by the Purchaser;
  - (iv) are sufficient for compliance with all Applicable Laws and Contracts to which the Target is a party or by which it is bound;
  - (v) will continue in full force and effect immediately following the consummation of the transactions contemplated herein; and
  - (vi) do not provide for any retrospective premium adjustment or other experienced-based liability on the part of the Target.
- (b) The Target has not received: (i) any refusal of coverage or any notice that a defense will be afforded with reservation of rights; or (ii) any notice of cancellation or any other indication that any insurance policy is no longer in full force or effect or will not be renewed, or that the issuer of any policy is not willing or able to perform its obligations thereunder.
- (c) The Target has paid all premiums due, and has otherwise performed all of its respective obligations, under each insurance policy to which it is a party.

- (d) The Target has given prompt notice to its insurers of all claims or possible claims that may be insured by any of its respective policies, and the Target Disclosure Statement contains a list of all of such claims.

### **3.24 Indebtedness to Target**

Except for: (a) the payment of salaries and reimbursement for out-of-pocket expenses in the ordinary and usual course; and (b) amounts due under the Target Convertible Notes; and (c) amounts disclosed in the Target Financial Statements, the Target is not indebted to any Target Vendor, any Related Party of any Target Vendor, or any Employee of the Target, on any account whatsoever.

### **3.25 Certain Payments**

Since the Target Accounting Date, neither the Target nor, to the knowledge of the Target or any Principal Vendor, any Employee or agent thereof, nor any other Person associated with or acting for or on behalf of the Target, has, directly or indirectly:

- (a) made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Person, private or public, regardless of form, whether in money, property, or services:
  - (i) to obtain favorable treatment in securing business,
  - (ii) to pay for favorable treatment for business secured,
  - (iii) to obtain special concessions, or for special concessions already obtained, for or in respect of the Target, or any Related Party of the Target, or
  - (iv) in violation of any Applicable Laws; or
- (b) established or maintained any fund or asset that has not been recorded in the books and records of the Target.

### **3.26 Disclosure Record**

The Target and the Principal Vendor have had the ability to review and have reviewed the Disclosure Record.

### **3.27 No Standstills**

The Target has not waived any confidentiality, standstill or similar agreement or restriction to which it is a party, except to permit submissions of expressions of interest prior to the Execution Date.

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

Since the Target Accounting Date, there has not been:

- (a) a Material Adverse Effect with respect to the Target or the Target Business; or
- (b) any material change by the Target in its accounting methods, principles or practices.

### **3.29 Undisclosed Information**

- (a) The Target has no information relating to the Target, which is not generally known or which has not been disclosed to the Purchaser and which could reasonably be expected to have a Material Adverse Effect on the Target or the Target Business.
- (b) No representation or warranty of the Target in this Agreement, and no statement in the Target Disclosure Statement, omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading.

### **3.30 Other Representations**

All statements contained in any certificate or other instrument delivered by or on behalf of the Target pursuant hereto, or in connection herewith, including in the Target Disclosure Statement, will be deemed to be representations and warranties of the Target hereunder.

### **3.31 Survival**

The representations and warranties of the Target under this Article 3 will survive the Closing for a period of two years.

### **3.32 Reliance**

The Target acknowledges and agrees that the Purchaser has entered into this Agreement relying on the warranties and representations and other terms and conditions of the Target contained in this Agreement, notwithstanding any independent searches or investigations that have been, or may be, undertaken by or on behalf of the Purchaser, and that no information which is now known or should be known, or which may hereafter become known, by the Purchaser or its Employees or professional advisers prior to the Closing, will limit or extinguish the Purchaser's right to indemnification hereunder.

## **ARTICLE 4**

### **REPRESENTATIONS AND WARRANTIES OF THE TARGET VENDORS**

Each Target Vendor severally makes the following representations to the Purchaser as at the Execution Date and as at the Closing, and each Target Vendor acknowledges that the Purchaser is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement, as follows:

#### **4.1 Ownership of Target Securities**

Each Target Vendor is the registered and beneficial owner of the number of Target Securities listed next to its respective name as further set out in Schedule A to this Agreement, free and clear of all Liens, and each Target Vendor has no interest, legal or beneficial, direct or indirect, in any other Target Securities or Target Assets.

#### **4.2 Rights of Other Persons**

No Person has or will have any agreement or option, or any right capable at any time of becoming an agreement, to purchase or otherwise acquire the Target Securities held by such Target Vendor, or to require a Target Vendor to sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber, any of the Target Securities held by such Target Vendor, other than under this Agreement.

#### **4.3 No Agreements to Restrict the Transfer of Target Shares**

Except as set out in this Agreement, there are no agreements that could restrict the transfer of any of the issued and outstanding Target Shares held by such Target Vendor, and no voting agreements, shareholders' agreements, voting trusts, or other arrangements restricting or affecting the voting of any of the Target Shares held by such Target Vendor to which a Target Vendor is a party or of which a Target Vendor is aware.

#### **4.4 Authority**

Each Target Vendor has the legal capacity and competence to enter into this Agreement, execute the Target Vendor Certificate in the form attached hereto at Schedule B, as applicable, and agrees to take all actions required pursuant hereto and, if it is a corporate entity, it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and all necessary approvals by its directors, shareholders and others have been obtained to authorize the execution and performance of this Agreement on behalf of the Target Vendor, and to transfer the beneficial title and ownership of its respective Target Securities to the Purchaser.

#### **4.5 Survival**

The representations and warranties of each Target Vendor in this Article 4 will survive the Closing and the issuance of the Consideration Shares to the Target Vendor and, notwithstanding the Closing, or the waiver of any condition by the Purchaser, the representations, warranties, covenants and agreements of each Target Vendor will survive the Closing and will continue in full force and effect indefinitely.

### **ARTICLE 5** **REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

The Purchaser makes the following representations to the Target and the Target Vendors as at the Execution Date and as at the Closing, and the Purchaser acknowledges that the Target and the Target Vendors are relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement, as follows:

#### **5.1 Organization and Good Standing**

The Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the Province of British Columbia, with full corporate power, authority and capacity to conduct its business as presently conducted, to own, operate or use the properties and assets that it purports to own or use, and to perform all its obligations under any applicable Contracts. The Purchaser is duly qualified to do business as a corporation and is in good standing under the laws of each province or other jurisdiction in which the failure to be so registered would be likely to result in a Material Adverse Effect on the Purchaser.

## **5.2 Capitalization**

The authorized share capital of the Purchaser consists of an unlimited number of Purchaser Shares. As at the date hereof, ♦23,078,001 Purchaser Shares were issued and outstanding, of which 8,580,002 Purchaser Shares are currently escrowed to be released pursuant to the terms of an escrow agreement dated September 27, 2018, an aggregate of ♦200,000 Purchaser Shares are issuable upon the exercise of the Purchaser Options, an aggregate of 54,000 Purchaser Shares are issuable upon the exercise of the Purchaser Finders Warrants and, except for such Purchaser Options and Purchaser Finders Warrants, as of the date hereof, there are no options, warrants, conversion privileges or other rights, shareholder rights plans, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by the Purchaser of any securities of the Purchaser (including the Purchaser Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of the Purchaser (including the Purchaser Shares) or subsidiaries of the Purchaser. All outstanding Purchaser Shares have been duly authorized and validly issued in compliance with Applicable Laws, are fully paid and non-assessable, and all the Purchaser Shares issuable upon the exercise of the Purchaser Options in accordance with their respective terms have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights.

## **5.3 Absence of Rights to Acquire Securities**

Except for the obligations to issue the Consideration Shares and the Special Warrants as set out in this Agreement, and any outstanding Purchaser Options and Purchaser Finders Warrants as of the date of this Agreement, there are no outstanding Contracts obligating the Purchaser to issue any Purchaser Securities.

## **5.4 Authority**

The Purchaser has all requisite corporate power and authority to execute and deliver the Transaction Documents to be signed by the Purchaser, to perform its obligations thereunder, and to consummate the transactions contemplated thereby. The execution and delivery of each of the Transaction Documents by the Purchaser and the consummation of the transactions contemplated hereby have been duly authorized by the Purchaser Board. No other corporate or shareholder proceedings on the part of the Purchaser are necessary to authorize such documents or to consummate the transactions contemplated hereby. The execution and delivery by the Purchaser of this Agreement and the performance by the Purchaser of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:

- (a) result in a violation, contravention or breach, constitute a default under, or entitle any third party to terminate, accelerate, modify or call any obligations or rights under, require any consent to be obtained under or give rise to any termination rights under any provision of:
  - (i) the notice of articles and articles of the Purchaser;
  - (ii) any applicable Law or rule or policy of the CSE (except that the Listing Conditional Approval, which is required to be obtained by the Purchaser prior to the Closing, will be applied for by the Purchaser but has not been obtained as of the date hereof), as applicable; or

- (iii) any Contract to which the Purchaser is bound or is subject to or of which the Purchaser is the beneficiary,

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

- (b) cause any indebtedness owing by the Purchaser to come due before its stated maturity or cause any available credit to cease to be available which would, individually or in the aggregate, have a Material Adverse Effect on the Purchaser;
- (c) result in the imposition of any Encumbrance upon any of the property or assets of the Purchaser or give any Person the right to acquire any of the Purchaser's assets, or restrict, hinder, impair or limit the ability of the Purchaser to conduct the business of the Purchaser as and where it is now being conducted which would, individually or in the aggregate, have a Material Adverse Effect on the Purchaser;
- (d) result in or accelerate the time for payment or vesting of, or increase the amount of, any severance, unemployment compensation, "golden parachute", change of control provision, bonus, termination payments, retention bonus or otherwise, becoming due to any director or officer of the Purchaser or increase any benefits otherwise payable under any pension or benefits plan of the Purchaser or result in the acceleration of the time of payment or vesting of any such benefits; or
- (e) result in the revocation, suspension, cancellation, variation or non-renewal of any claims, concessions, licenses, leases or other instruments, conferring rights in respect of the Purchaser Assets.

## **5.5 Directors' Approvals**

The Purchaser Board has unanimously:

- (a) determined that the Transaction is in the best interests of the Purchaser; and
- (b) authorized the entering into of this Agreement, and the performance of the Purchaser's obligations hereunder.

## **5.6 Contracts**

The Purchaser has made available to the Target all Material Contracts entered into by the Purchaser in the course of carrying on its business, a list of which is included in the Purchaser Disclosure Statement. Each of the Material Contracts to which the Purchaser is a party constitutes a valid and legally binding obligation of the Purchaser, as applicable, enforceable in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditors' rights or by general equity principles). No material default or violation exists in respect of such Material Contracts on the part of the Purchaser nor, to the best of the knowledge of the Purchaser, on the part of any of the other parties thereto.

## **5.7 Waivers and Consents**

There are no waivers, consents, notices or approvals required to complete the transactions contemplated under this Agreement from other parties to the Material Contracts of the Purchaser.

## **5.8 Validity of Consideration Shares**

The Consideration Shares will, upon issuance in accordance with the terms of this Agreement, be duly and validly issued, fully paid and non-assessable.

## **5.9 No Defaults**

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

## **5.10 Non-Contravention**

Neither the execution, delivery and performance of this Agreement, nor the consummation of the transactions contemplated herein, will:

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

## **5.11 Subsidiaries**

The Purchaser has no subsidiaries nor any material interest in any other Person.

## **5.12 Books and Records**

The corporate records and minute books of the Purchaser have been maintained in accordance with all Applicable Laws and are complete and accurate in all material respects, except where such

incompleteness or inaccuracy would not have a Material Adverse Effect on the Purchaser. Financial books and records and accounts of the Purchaser in all material respects:

- (a) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice;
- (b) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of assets of the Purchaser; and
- (c) accurately and fairly reflect the basis for the Purchaser Financial Statements.

At the Closing, all of those books and records will be in the possession of the Purchaser, and in the case of the stock record books in the possession of the transfer agent for the Purchaser.

### **5.13 Listing Statement**

The description of the Purchaser to be contained provided by the Purchaser for inclusion in the Listing Statement shall not, at the time of filing thereof on SEDAR, fail to be true and correct in any material respect or contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

### **5.14 Actions and Proceedings**

To the best knowledge of the Purchaser, there is no basis for, and there is no, Proceeding by or before any Governmental Body now outstanding or pending or, to the best knowledge of the Purchaser, threatened against or affecting the Purchaser, which involves the Purchaser Business or any of the property or assets of the Purchaser that, if adversely resolved or determined, would have a Material Adverse Effect on the Purchaser or the Purchaser Business. There is no reasonable basis for any claim or action that, based upon the likelihood of its being asserted and its success if asserted, would have a Material Adverse Effect on the Purchaser.

### **5.15 Compliance**

- (a) The Purchaser is in compliance with, is not in default or violation in any material respect under, and has not been charged with or received any notice at any time of any material violation of, any Applicable Laws related to the Purchaser Business.
- (b) The Purchaser is not subject to any Order entered in any Proceeding applicable to the Purchaser Business that would have a Material Adverse Effect on the Purchaser.
- (c) The Purchaser has duly filed all reports and returns required to be filed by it with any applicable Governmental Body and has obtained all governmental permits and other governmental consents, except as may be required after the Execution Date. All of such permits and consents are in full force and effect, and no Proceedings for the suspension or cancellation of any of them, and no investigation relating to any of them, is pending or, to the best knowledge of the Purchaser, threatened, and none of them will be affected in a material adverse manner by the consummation of the Transaction.



### **5.16 Reporting Status**

The Purchaser is a reporting issuer in good standing in the provinces of British Columbia and Ontario and is not in material default of the requirements of the Applicable Securities Laws in such jurisdictions. The Purchaser Shares are listed on the CSE and the Purchaser is in material compliance with the rules, policies and regulations of the CSE.

### **5.17 Disclosure Record**

As of their respective dates, the documents comprising the Disclosure Record were timely filed and complied in all material respects with the requirements of the Applicable Securities Laws. The Disclosure Record includes all of the documents and reports that the Purchaser was required to file under Applicable Securities Laws. As of the time filed on SEDAR (or, if amended or suspended by a filing prior to the Execution Date, then on the date of such filing) none of the Disclosure Record contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

### **5.18 No Option on Purchaser Assets**

No Person has any agreement or option, or any right or privilege capable of becoming an agreement or option, for the purchase from the Purchaser of any of the material assets of the Purchaser.

### **5.19 Financial Representations**

Included with the Disclosure Record are true, correct, and complete copies of the Purchaser Financial Statements.

- (a) The Purchaser Financial Statements:
  - (i) are in accordance with the books and records of the Purchaser;
  - (ii) present fairly the financial condition of the Purchaser as of the respective dates indicated and the results of operations for such periods; and
  - (iii) have been prepared in accordance with IFRS and reflect the consistent application of IFRS throughout the periods involved.
- (b) All material financial transactions of the Purchaser have been accurately recorded in the books and records of the Purchaser and such books and records fairly present the financial position and the affairs of the Purchaser.
- (c) Other than the costs and expenses incurred in connection with the negotiation and consummation of the transactions contemplated herein, the Purchaser has no material Liabilities, net of cash, which:
  - (i) are not set forth in the Purchaser Financial Statements or have not heretofore been paid or discharged;

- (ii) did not arise in the regular and ordinary course of business under any Contract or plan specifically disclosed in writing to the Target; or
  - (iii) have not been incurred in amounts and pursuant to practices consistent with past business practice, in or as a result of the regular and ordinary course of its business since the Purchaser Accounting Date, and otherwise disclosed in writing to the Target.
- (d) Except to the extent reflected or reserved against in the Purchaser Financial Statements or incurred subsequent to the Purchaser Accounting Date in the ordinary and usual course of the Purchaser Business, the Purchaser has no outstanding indebtedness or Liabilities, and any Liabilities incurred by the Purchaser in the ordinary and usual course of business since the Accounting Date have not had a Material Adverse Effect on the Purchaser or the Purchaser Business.
- (e) Since the Purchaser Accounting Date, there have not been:
  - (i) any changes in the condition or operations of the Purchaser Business, or the assets or financial affairs of the Purchaser which have caused, individually or in the aggregate, a Material Adverse Effect on the Purchaser or the Purchaser Business; or
  - (ii) any damage, destruction or loss, labor trouble or other event, development or condition, of any character (whether or not covered by insurance), which is not generally known or which has not been disclosed to the Target, which has or may cause a Material Adverse Effect on the Purchaser or the Purchaser Business.
- (f) Since the Purchaser Accounting Date, and other than as contemplated by this Agreement, the Purchaser has not:
  - (i) transferred, assigned, sold or otherwise disposed of any of the assets shown or reflected in the Purchaser Financial Statements or cancelled any debts or claims;
  - (ii) incurred or assumed any Liability (other than costs incurred in connection with the Transaction);
  - (iii) issued or sold any Purchaser Securities (other than as set out in the Disclosure Record);
  - (iv) discharged or satisfied any Liens, or paid any Liabilities, other than current Liabilities or the current portion of long term Liabilities disclosed in the Purchaser Financial Statements, or current Liabilities incurred since the date thereof in the ordinary and usual course of business;
  - (v) declared, made, or committed itself to make any payment of any dividend or other distribution in respect of any of the Purchaser Securities, nor has it purchased, redeemed, subdivided, consolidated, or reclassified any of the Purchaser Securities;

- (vi) made any gift of money or of any assets to any Person;
  - (vii) purchased or sold any assets;
  - (viii) amended or changed, or taken any action to amend or change, its Organizational Documents;
  - (ix) made payments of any kind to or on behalf of either shareholder or any Related Party of a shareholder, nor under any management agreement, save and except business related expenses in the ordinary and usual course of business and at the regular rates payable;
  - (x) created, incurred, assumed or guaranteed any indebtedness for money borrowed, or subjected any of the material assets or properties of the Purchaser to any Lien of any nature whatsoever;
  - (xi) made or suffered any amendment or termination of any Material Contract, or cancelled, modified or waived any substantial debts or claims held by it or waived any rights of substantial value, other than in the ordinary course of business;
  - (xii) increased the salaries or other compensation of, or made any advance (excluding advances for ordinary and necessary business expenses) or loan to, any of its Employees, or made any increase in, or any addition to, other benefits to which any of its Employees may be entitled;
  - (xiii) adopted, or increased the payments to or benefits under, any Employee Plan; or
  - (xiv) authorized or agreed, or otherwise have become committed, to do any of the foregoing.
- (g) The Purchaser has no guarantees, indemnities or contingent or indirect obligations with respect to the Liabilities of any other Person, including any obligation to service the debt of, or otherwise acquire an obligation of, another Person, or to supply funds to, or otherwise maintain any working capital or other balance sheet condition of, any other Person.
- (h) The Purchaser is not a party to, bound by or subject to any Contract or Applicable Laws that would be violated or breached by, or under which default would occur, or which could be terminated, cancelled or accelerated, in whole or in part, as a result of the execution and delivery of this Agreement or the consummation of any of the transactions provided for in this Agreement.
- (i) The Purchaser has no indebtedness, Liabilities or obligations, secured or unsecured (whether accrued, absolute, contingent or otherwise) which are not disclosed in the Purchaser Financial Statements available in the Disclosure Record, except for those incurred in connection with the transactions contemplated by this Agreement and the Transaction or otherwise incurred in the ordinary course of business since the date of the latest Purchaser Financial Statements filed in the Disclosure Record.

- (j) The Purchaser has never had any reportable disagreement (within the meaning of Applicable Securities Laws) with the present or any former auditor of the Purchaser.
- (k) The Purchaser's auditors who audited Purchaser Financial Statements (as applicable) are independent public accountants.

#### **5.20 Tax Matters**

- (a) As of the Execution Date:
  - (i) the Purchaser has timely filed all tax returns in connection with any Taxes which are required to be filed on or prior to the Execution Date, taking into account any extensions of the filing deadlines which have been validly granted to it, and
  - (ii) all such returns are true and correct in all material respects.
- (b) The Purchaser has paid all Taxes that have become or are due with respect to any period ended on or prior to the Execution Date and has established an adequate reserve therefore on its balance sheets for those Taxes not yet due and payable, except for any Taxes the non-payment of which will not have a Material Adverse Effect on the Purchaser.
- (c) The Purchaser is not presently under, and has not received notice of, any contemplated investigation or audit by any Governmental Body concerning any fiscal year or period ended prior to the Execution Date.
- (d) To the best knowledge of the Purchaser, the Purchaser Financial Statements contain full provision for all Taxes, including any deferred Taxes that may be assessed to the Purchaser for the accounting period ended on the Purchaser Accounting Date or for any prior period in respect of any transaction, event or omission occurring, or any profit earned, on or prior to the Purchaser Accounting Date or for which the Purchaser is accountable up to such date and all contingent Liabilities for Taxes have been provided for or disclosed in the Purchaser Financial Statements.

#### **5.21 Absence of Changes**

Since the Purchaser Accounting Date, except as disclosed in the Disclosure Record or as contemplated by this Agreement, and except as contemplated in this Agreement, the Purchaser has not:

- (a) incurred any Liabilities, other than Liabilities incurred in the ordinary course of business consistent with past practice or in connection with the Transaction, or discharged or satisfied any Lien, or paid any Liabilities, other than in the ordinary course of business consistent with past practice, or failed to pay or discharge when due any Liabilities of which the failure to pay or discharge has caused or will cause any Material Adverse Effect to it or any of its assets or properties;
- (b) sold, encumbered, assigned or transferred any material fixed assets or properties;

- (c) created, incurred, assumed or guaranteed any indebtedness for money borrowed, or mortgaged, pledged or subjected any of the material assets or properties of the Purchaser to any Lien of any nature whatsoever;
- (d) made or suffered any amendment or termination of any Material Contract to which it is a party or by which it is bound, or cancelled, modified or waived any substantial debts or claims held by it or waived any rights of substantial value, other than in the ordinary course of business;
- (e) declared, set aside or paid any dividend, or made or agreed to make any other distribution or payment in respect of any securities of the Purchaser or redeemed, purchased or otherwise acquired, or agreed to redeem, purchase or acquire any securities of the Purchaser;
- (f) suffered any damage, destruction or loss, whether or not covered by insurance, that has had a Material Adverse Effect on its business, operations, assets, properties or prospects;
- (g) suffered any material adverse change in its business, operations, assets, properties, prospects or condition (financial or otherwise);
- (h) effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Purchaser Shares;
- (i) made commitments or agreements for capital expenditures or capital additions or betterments exceeding \$25,000;
- (j) entered into any transaction other than in the ordinary course of business consistent with past practice; or
- (k) agreed, whether in writing or orally, to do any of the foregoing.

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

Since the Purchaser Accounting Date, except as and to the extent disclosed in the Disclosure Record, there has not been:

- (a) a Material Adverse Effect with respect to the Purchaser or the Purchaser Business; or
- (b) any material change by the Purchaser in its accounting methods, principles or practices.

#### **5.23 Personal Property**

There is no material equipment, furniture, fixtures or other tangible personal property or assets owned or leased by the Purchaser, except as disclosed in the Disclosure Record. The Purchaser possesses, and has good and marketable title to, all property necessary for the continued operation of the Purchaser Business as presently conducted and as represented to the Target. All such property is used in the Purchaser Business. All such property is in reasonably good operating condition (normal wear and tear excepted), and is reasonably fit for the purposes for which such property is presently used. All material equipment, furniture, fixtures and other tangible personal property and assets owned or leased by the

Purchaser are owned by the Purchaser free and clear of all Liens and other adverse claims, except as disclosed in the Disclosure Record.

#### **5.24 Material Contracts and Transactions**

Other than as expressly contemplated by this Agreement, there are no Material Contracts to which the Purchaser is a party, except as disclosed in the Disclosure Record. Each Material Contract to which the Purchaser is a party is in full force and effect and unamended, and there exists no material breach or violation of or default by the Purchaser under any such Material Contract, or, to the best of the knowledge of the Purchaser, on the part of any of the other parties thereto, or any event that with notice or the lapse of time, or both, will create a material breach or violation thereof or default under any such Material Contract by the Purchaser. The Purchaser is not aware of any intention on the part of any of the other parties thereto to terminate or materially alter any Material Contracts or any event that, with notice or the lapse of time, or both, will create a material breach or violation thereof, or default under any Material Contracts. To the best knowledge of the Purchaser, the continuation, validity and effectiveness of each Material Contract to which the Purchaser is a party will in no way be affected by the consummation of the Transaction. There exists no actual or threatened termination, cancellation or limitation of, or any amendment, modification or change to, any such Material Contract.

#### **5.25 Legal Proceedings**

- (a) There is no pending Proceeding:
  - (i) that has been commenced by or against the Purchaser or that otherwise relates to or may affect the Purchaser Business or any of Purchaser's assets; or
  - (ii) that challenges, or that may have the effect of preventing, delaying, making illegal, or otherwise interfering with, any of the transactions contemplated herein.
- (b) To the knowledge of the Purchaser, no Proceeding has been threatened against the Purchaser or with respect to the Purchaser Business, and no event has occurred or circumstance exists, that may give rise to or serve as a basis for the commencement of any such Proceeding.
- (c) There is no Order to which any of the Purchaser, the Purchaser Business or any of Purchaser's assets is subject.
- (d) No Employee or agent of the Purchaser is subject to any Order that prohibits such Employee or agent from engaging in or continuing any conduct, activity or practice relating to the Purchaser Business.

#### **5.26 Certain Transactions**

Except as disclosed in the Disclosure Record, the Purchaser is not a guarantor or indemnitor of any indebtedness of any Person.

### **5.27 Indebtedness to Purchaser**

Except for: (a) the payment of salaries and reimbursement for out-of-pocket expenses in the ordinary and usual course; and (b) amounts disclosed in the Purchaser Financial Statements, the Purchaser is not indebted to any Related Party of the Purchaser, or any Employee of the Purchaser, on any account whatsoever.

### **5.28 Employment Matters**

- (a) Except as disclosed in the Purchaser Disclosure Statement, the Purchaser has no employment, consulting, managerial or similar agreement. All employment, consulting, managerial or similar agreements with the Purchaser can be terminated on notice of 30 days or less, without further liability or obligation to Purchaser.
- (b) There are no amounts payable to the directors, officers or Employees of the Purchaser (of any nature whatsoever) arising from a "change of control" of Purchaser pursuant to the Transaction.
- (c) On or prior to Closing, all employees of the Purchaser shall have resigned from their employment with the Purchaser and all consulting agreements between the Purchaser and any consultant providing managerial services to the Purchaser shall have been terminated and each such employee or consultant shall have executed and delivered a release to the Purchaser in a form satisfactory to the Target releasing any and all claims against the Purchaser with respect to such employment or consulting arrangement (other than claims for unpaid wages or fees not exceeding \$50,000 in the aggregate to all such employees and consultants).

### **5.29 Undisclosed Information**

- (a) Other than as set out in the Disclosure Record, the Purchaser does not have any information relating to the Purchaser which is not generally known or which has not been disclosed to the Target and which could reasonably be expected to have a Material Adverse Effect on the Purchaser.
- (b) No representation or warranty of the Purchaser in this Agreement omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading.

### **5.30 CSE Application, Compliance and Approvals**

- (a) As soon as possible following the execution of this Agreement, Purchaser shall use its commercially reasonable efforts to complete and file its application with the CSE for acceptance for filing of the Transaction by the filing of all documentation required, including but not limited to the Target Financial Statements and the Business Plan and corporate disclosure that complies with the CSE Form 3D1 and 3D2 and the filing statement.
- (b) The Purchaser is in material compliance with all policies and requirements of the CSE, except that it does not have an operating business and its stock trading has been halted.

- (c) If required, the Purchaser will promptly seek to obtain shareholder approval of the Transaction in accordance with applicable corporate and securities laws and the applicable policies of the CSE. If applicable, the Purchaser will use its commercially reasonable efforts to encourage all Purchaser shareholders to vote in favour of the Transaction and to not taken any action contrary to or in opposition to the Transaction.
- (d) At the time of Closing, Purchaser will have obtained all consents, approvals, permits, authorizations or filings as may be required under Securities Laws and the by-laws, rules and regulations of the CSE necessary for the performance by Purchaser of its obligations under this Agreement.

### **5.31 Other Representations**

All statements contained in any certificate or other instrument delivered by or on behalf of the Purchaser pursuant hereto or in connection with the transactions contemplated by this Agreement will be deemed to be representations and warranties by the Purchaser hereunder.

### **5.32 Disclosure Record**

All statements and information included in the Disclosure Record are true and accurate.

### **5.33 Survival**

The representations and warranties of the Purchaser in this Article 5 will survive for a period of two years from the Closing Date.

### **5.34 Reliance**

The Purchaser acknowledges and agrees that the Target and Target Vendors have entered into this Agreement relying on the warranties and representations and other terms and conditions of the Purchaser contained in this Agreement, notwithstanding any independent searches or investigations that have been or may be undertaken by or on behalf of the Target or Target Vendors, and that no information which is now known or should be known, or which may hereafter become known, by the Target, the Target Vendors or their professional advisers prior to the Closing, will limit or extinguish the Target's and Target Vendors' right to indemnification hereunder.

## **ARTICLE 6** **CLOSING**

### **6.1 Closing Date and Location**

The transactions contemplated by this Agreement will be completed on the Closing Date, at such location and time as is mutually agreed to by the Purchaser and the Target. Notwithstanding the location of the Closing, each Party agrees that the Closing may be completed by undertakings or the email exchange of documents between the respective legal counsel for the Purchaser and the Target, provided such undertakings and exchanges are satisfactory to each Party's respective legal counsel.



## **6.2 Target and Target Vendors Closing Documents**

At the Closing, the Target and the Target Vendors will deliver, or cause to be delivered, to the Purchaser, the documents set forth in Section 8.1, and such other documents as the Purchaser may reasonably require to effect the transactions contemplated hereby.

## **6.3 Purchaser Closing Documents**

At the Closing, the Purchaser will deliver, or cause to be delivered, to the Target and the Escrow Agent, as applicable, the documents set forth in Section 9.1, and such other documents as the Target may reasonably require to effect the transactions contemplated hereby.

# **ARTICLE 7**

## **MUTUAL CONDITIONS PRECEDENT**

### **7.1 Mutual Conditions Precedent**

The obligation of the Parties to complete the transactions contemplated by this Agreement will be subject to the satisfaction or waiver of, at or before the Closing, the following conditions precedent:

- (a) the Listing Conditional Approval having been obtained;
- (b) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement, including, without limitation, the Transaction, and all consents, orders and approvals required or necessary or desirable for the completion of the transactions provided for in this Agreement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, all on terms satisfactory to the Purchaser and the Principal Vendor hereto, acting reasonably;
- (c) the Target and all of the Target Noteholders having entered into the Note Amendment Agreements; and
- (d) The Purchaser and the Target having a consolidated net and unallocated working capital of not less than \$100,000 in satisfaction of the Qualifications for Listing requirements of the CSE, after giving effect to the expenditures required by the Business Plan in the first 12 months going forward, including without limitation completion of Technology demonstration in respect of the Show Room Unit.

### **7.2 Waiver/Survival**

The conditions set forth in this Article 8 are for the exclusive benefit of the Parties and may be mutually waived by the Purchaser and the Target in writing, in whole or in part, on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the Parties to the Closing. Notwithstanding any such waiver, the completion of the transactions contemplated by this Agreement will not prejudice or affect in any way the rights of the Parties in respect of the warranties and representations of the Parties in this Agreement, and the representations and warranties of the Parties in this Agreement will survive the Closing for the applicable period set out in Section 3.31.

**ARTICLE 8**  
**PURCHASER'S CONDITIONS PRECEDENT**

**8.1 Purchaser's Conditions Precedent**

The obligation of the Purchaser to complete the transactions contemplated by this Agreement will be subject to the satisfaction or waiver of, at or before the Closing, the following conditions precedent:

- (a) the representations and warranties of the Target set forth in this Agreement and the Target Vendor Certificate being true, correct and complete in all material respects as of the Closing and with the same effect as if made at and as of the Closing;
- (b) the Target and the Target Vendors having performed and complied with all of their respective obligations, covenants and agreements required hereunder in all material respects;
- (c) this Agreement and the Transaction Documents, all in form and substance reasonably satisfactory to the Purchaser, having been executed and delivered to the Purchaser;
- (d) the Purchaser having been given reasonable opportunity to perform the searches and other due diligence reasonable or customary in a transaction of a similar nature to the Transaction, and the Purchaser and its advisors being satisfied with the results of such due diligence;
- (e) no Material Adverse Effect having occurred with respect to the Target Business, the Target Assets or the Target Securities;
- (f) all consents, renunciations, authorizations or approvals of each applicable Governmental Body and any other Person which, in the Purchaser's reasonable opinion, must be obtained prior to the Closing in order to give effect to the purchase of the Target Shares and the Transaction, including the CSE and the Purchaser's shareholders (including approval by the majority of the minority of the Purchaser's shareholders), if applicable, having been obtained to the Purchaser's satisfaction or in accordance with any applicable Contracts or Applicable Laws;
- (g) no injunction or restraining order of any court or administrative tribunal of competent jurisdiction being in effect prohibiting the Transaction, and no action or Proceeding having been instituted or be pending before any court or administrative tribunal to restrain or prohibit the Transaction;
- (h) there being no legal proceedings or regulatory actions or proceedings against or threatened against Target at the Closing Date which may, if determined against the interest of Target, have a Material Adverse Effect on Target;
- (i) the holders of the Purchaser Shares, if required, having approved the entry into, and the Closing, of this Agreement and the transactions contemplated hereby, including the issuance of the Consideration Securities;

- (j) the Purchaser having reviewed, and being satisfied with, the tax and securities implications of the Transaction contemplated by this Agreement;
- (k) the Purchaser having received from the Target any legal opinions from counsel and certificates from officers with respect to such matters as counsel of the Purchaser may require, acting reasonably;
- (l) the Target will be in good standing under the federal laws of Canada and shall provide the Purchaser with certificates of good standing or compliance, as applicable, reflecting the same;
- (m) the Target having no more than **1,398,605** Target Shares issued and outstanding on the Closing Date;
- (n) as at the Closing, the Target having Liabilities of no more than \$400,000, excluding the Target Convertible Notes, the Operating Loan and the Bridge Loan;
- (o) as at the Closing, the Target having Liabilities of no more than as set forth in the Target Disclosure Statement (as updated at Closing);
- (p) an exemption from the prospectus requirements of Applicable Securities Laws being available for the issuance of the Consideration Securities to each Target Vendor and Target Noteholder;
- (q) other than the Target Convertible Notes which shall have been amended by the Note Amending Agreements, there are no rights outstanding which are convertible into Target Shares;
- (r) the Target's auditors having completed all necessary audits and review of the Target Financial Statements and audits or review of any subsequent period required by regulatory authorities and such statements showing no matters giving rise to a Material Adverse Effect on the Target;
- (s) the Target having provided to the Purchaser, and the Purchaser and its accountant having had a reasonable opportunity to review, the Target Financial Statements, and the Purchaser and its accountant being satisfied with the content of the Target Financial Statements;
- (t) no claim having been asserted or made that any Person (other than the Purchaser or the Target Vendors) is the holder or the beneficial owner of, or has the right to acquire or to obtain beneficial ownership of, any of the Target Securities, or any other voting, equity, or ownership interest in, the Target, or (other than the Target Vendors) is entitled to all or any portion of the Consideration Shares;
- (u) the Target and the Target Vendors having taken all proper steps, actions and corporate proceedings to approve the Transaction, including passing any resolutions required to ensure that the Target Shares will be transferred to the Purchaser free and clear of any Liens, adverse claim, right or interest;

- (v) 100% of the Target Shares shall have been tendered for the sale and purchase under the Transaction; and
- (w) the Purchaser having received from the Target and the Target Vendors the following Transaction Documents:
  - (i) certified copies of resolutions of the Target Board approving the entry into, and the Closing of, this Agreement and the transactions contemplated hereby, the transfer of the Target Shares to the Purchaser, the registration of the Target Shares in the name of the Purchaser, the issue of certificates representing the Target Shares registered in the name of the Purchaser, and all other matters contemplated by this Agreement,
  - (ii) a certificate executed by an officer of the Target certifying that: (A) the representations and warranties of the Target set forth in this Agreement are true and correct in all material respects as at the Closing, (B) the Target has performed and complied with all of its material obligations, covenants and agreements required hereunder, and (C) all conditions precedent of the Target for completion of the transactions contemplated herein have been satisfied or waived,
  - (iii) from each Target Vendor who is a U.S. Person, a duly executed Target Vendor Certificate,
  - (iv) from each Target Vendor, to the extent required, a duly executed Escrow Agreement and any documents required by the CSE,
  - (v) a certified copy of the central securities register of the Target evidencing the Purchaser as the sole registered owner of the Target Shares,
  - (vi) all such instruments of transfer, duly executed, which in the opinion of the Purchaser acting reasonably are necessary to effect and evidence the transfer of the Target Shares to the Purchaser, free and clear of all Liens, and
  - (vii) the corporate minute books and all other books and records of the Target.

## **8.2 Waiver/Survival**

The conditions set forth in this Article 8 are for the exclusive benefit of the Purchaser and may be waived by the Purchaser in writing, in whole or in part, on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the Purchaser to the Closing. Notwithstanding any such waiver, the completion of the transactions contemplated by this Agreement will not prejudice or affect in any way the rights of the Purchaser in respect of the warranties and representations of the Target and the Target Vendors in this Agreement, and the representations and warranties of the Target and the Target Vendors in this Agreement will survive the Closing for the applicable period set out in Section 3.31.

## **8.3 Covenant of the Target and the Target Vendors**

The Target and the Target Vendors covenant to deliver to the Purchaser on or before the Closing Date all of the Closing documentation set out in Section 8.1.

**ARTICLE 9**  
**TARGET'S CONDITIONS PRECEDENT**

**9.1 Target, Target Vendors and Principal Vendor's Conditions Precedent**

The obligation of the Target, the Target Vendors and the Principal Vendor to complete the transactions contemplated by this Agreement will be subject to the satisfaction of or waiver of, at or before the Closing, the following conditions precedent:

- (a) the representations and warranties of the Purchaser set forth in this Agreement being true, correct and complete in all respects as of the Closing and with the same effect as if made at and as of Closing;
- (b) the Purchaser having performed and complied with all of the obligations, covenants and agreements to be performed and complied with by it hereunder;
- (c) this Agreement and the Transaction Documents, all in form and substance satisfactory to the Target, having been executed and delivered to the Target and the Principal Vendor;
- (d) The Purchaser, Zimtu and each member of the Zimtu Group who owns any First Milestone Restricted Shares or Second Milestone Restricted Shares shall have entered into the Restricted Stock Agreement in form and substance satisfactory to the Target.
- (e) the Purchaser having, as at Closing, net cash and cash equivalents of at least \$400,000 (such amount subject to be reduced by any amounts advanced under the Bridge Loan in excess of \$100,000) and only liabilities which have been incurred in the ordinary course of business consistent with past practices;
- (f) no Material Adverse Effect having occurred with respect to the Purchaser Business or the Purchaser Shares;
- (g) all consents, renunciations, authorizations or approvals of each applicable Governmental Body and any other Person which, in the Target's reasonable opinion, must be obtained prior to the Closing in order to give effect to the transactions contemplated herein, having been obtained to the Target's satisfaction or in accordance with the relevant Contracts or Applicable Laws;
- (h) no injunction or restraining order of any court or administrative tribunal of competent jurisdiction being in effect prohibiting the Transaction, and no action or Proceeding having been instituted or be pending before any court or administrative tribunal to restrain or prohibit the Transaction;
- (i) there shall be no legal proceedings or regulatory actions or proceedings against Purchaser at the Closing Date which may, if determined against the interest of Purchaser, have a Material Adverse Effect on Purchaser;
- (j) the Purchaser Board approving the entry into of this Agreement and the Closing;

- (k) the Target and the Principal Vendor having reviewed, and being satisfied with, the tax and securities implications of the Transaction;
- (l) the Target having received from the Purchaser any legal opinions from counsel and certificates from officers with respect to such matters as counsel of the Target may require, acting reasonably;
- (m) Purchaser will be in good standing under the laws of British Columbia and shall provide the Target with a certificate of good standing reflecting the same;
- (n) Purchaser shall have issued no further Purchaser Securities and shall have paid no dividends or made any other distributions whatsoever to holders of Purchaser Shares, except where rights to acquire Purchaser Shares were previously outstanding or except as may be approved by Target;
- (o) Purchaser shall not have incurred any Liabilities other than those reasonably incurred in connection with the transactions contemplated in this Agreement and shall have spent its cash on hand at the date of this Agreement exclusively in the ordinary course of business and for the purpose of completing the Transaction;
- (p) the Listing Conditional Approval having been obtained;
- (q) the Target and the Principal Vendor having received from the Purchaser:
  - (i) certified copies of resolutions of the Purchaser Board authorizing the entry of this Agreement and the Closing, including the issuance of the Consideration Securities,
  - (ii) a letter from the CSE conditionally approving the Transaction subject to customary conditions;
  - (iii) a certificate executed by an officer of the Purchaser certifying that: (A) the representations and warranties of the Purchaser set forth in this Agreement are true and correct in all material respects as at the Closing, (B) the Purchaser has performed and complied with all of its material obligations, covenants and agreements required hereunder, and (C) all conditions precedent of the Purchaser for completion of the transactions contemplated herein have been satisfied or waived, and
  - (iv) duly executed resignations and releases in a form satisfactory to the Target from (i) each employee of the Purchaser; and (ii) each director and officer of the Purchaser who will no longer be serving in such capacities or capacities following Closing.
- (r) Each Target Vendor having received from the Purchaser a certificate representing the Consideration Shares to which such Target Vendor is entitled.

- (s) The Special Warrant Trustee having received from the Purchaser certificates representing the Special Warrants to be held in trust for the Target Shareholders and Target Noteholders, as applicable, by the Special Warrant Trustee.

## **9.2 Waiver/Survival**

The conditions set forth in this Article 9 are for the exclusive benefit of the Target, Target Vendors and Principal Vendor and may be waived in whole or in part, on or before the Closing, by written notice from the Target and the Principal Vendor, and the Closing will be deemed to mean a waiver of all conditions of the Target, the Target Vendors and the Principal Vendor to Closing. Notwithstanding any such waiver, completion of the transactions contemplated by this Agreement by the Target, the Target Vendors and Principal Vendor will not prejudice or affect in any way the rights of the Target, the Target Vendors and Principal Vendor in respect of the warranties and representations of the Purchaser set forth in this Agreement, and the representations and warranties of the Purchaser in this Agreement will survive the Closing for the applicable period set out in Section 5.32.

## **9.3 Covenant of the Purchaser**

The Purchaser covenants to deliver to the Target, the Target Vendors and the Principal Vendor on or before the Closing Date all of the Closing documentation set out in Section 9.1.

# **ARTICLE 10**

## **CONDUCT PRIOR TO CLOSING**

### **10.1 Conduct of the Target**

Except as otherwise contemplated or permitted by this Agreement, or as set forth in the Target Disclosure Statement, during the period from the Execution Date to the Closing, the Target will:

- (a) conduct the Target Business in the ordinary and usual course, and in a continuous fashion, and will not, without the prior written consent of the Purchaser:
  - (i) enter into any transaction which would constitute a breach of the representations, warranties or agreements of the Target or the Target Vendors contained herein,
  - (ii) increase the salaries or other compensation of, or make any advance (excluding advances for ordinary and necessary business expenses) or loan to, any of its Employees, or make any increase in, or any addition to, other benefits to which any of its Employees may be entitled,
  - (iii) other than as contemplated by this Agreement, create, incur, assume or guarantee any indebtedness;
  - (iv) subject any of the Target Assets to any Lien;
  - (v) declare, set aside or pay any dividend or make or agree to make any other distribution or payment in respect of the Target Securities, or redeem, repurchase

or otherwise acquire or agree to redeem, purchase or acquire any of the Target Securities, or

- (vi) pay any amount (other than salaries in the ordinary course of business) to any Related Party of the Target or any Target Vendor;
- (b) not issue any Target Securities without prior written consent from the Purchaser;
- (c) comply with all laws affecting the operation of the Target Business and pay all required Taxes;
- (d) not take any action or omit to take any action which would, or would reasonably be expected to, result in a breach of, or render untrue, any representation, warranty, covenant or other obligation of the Target or any Target Vendor contained herein;
- (e) use commercially reasonable efforts to preserve intact the Target Business and the Target Assets, carry on the Target Business substantially as currently conducted, and use commercially reasonable efforts to promote and preserve for the Purchaser the goodwill of suppliers, customers and others having business relations with the Target;
- (f) take all necessary actions, steps and proceedings that are necessary to approve or authorize, or to validly and effectively undertake, the execution and delivery of this Agreement and the completion of the transactions contemplated hereby;
- (g) respond promptly to reasonable requests from the Purchaser for information concerning the status of the Target Business, the Target Assets, and the operations and finances of the Target; and
- (h) comply with the provisions of Article 11 of this Agreement.

## **10.2 Conduct of Purchaser**

Except as otherwise contemplated or permitted by this Agreement, during the period from the Execution Date to the Closing, the Purchaser will:

- (a) conduct the Purchaser Business in the ordinary and usual course and in a continuous fashion and will not, without the prior written consent of the Target and the Target Vendors:
  - (i) enter into any transaction which would constitute a breach of the Purchaser's representations, warranties or agreements contained herein,
  - (ii) increase the salaries or other compensation of, or make any advance (excluding advances for ordinary and necessary business expenses) or loan to, any of its Employees, or make any increase in, or any addition to, other benefits to which any of its Employees may be entitled,
  - (iii) other than as contemplated by this Agreement, create, incur, assume or guarantee any indebtedness,



- (iv) subject any of the material assets or properties of the Purchaser to any Lien, or
- (v) declare, set aside or pay any dividend, or make or agree to make any other distribution or payment in respect of, the Purchaser Shares, or redeem, repurchase or otherwise acquire, or agree to redeem, purchase or acquire, any of the Purchaser Securities;
- (b) other than upon the due exercise of Purchaser Options, not issue any Purchaser Securities, other than in the ordinary and usual course of business;
- (c) comply with all laws affecting the operation of the Purchaser Business and pay all required Taxes;
- (d) not take any action, or omit to take any action, which would, or would reasonably be expected to, result in a breach of, or render untrue, any representation, warranty, covenant or other obligation of the Purchaser contained herein;
- (e) use commercially reasonable efforts to preserve intact the Purchaser Business and the assets, operations and affairs of the Purchaser, carry on the Purchaser Business substantially as currently conducted, and use commercially reasonable efforts to promote and preserve for the Target the goodwill of suppliers, customers and others having business relations with the Purchaser;
- (f) take all necessary actions, steps and proceedings that are necessary to approve or authorize, or to validly and effectively undertake, the execution and delivery of this Agreement and the completion of the transactions contemplated hereby;
- (g) respond promptly to reasonable requests from the Target for information concerning the status of the Purchaser Business and the operations and finances of the Purchaser; and
- (h) comply with the provisions of Article 11 of this Agreement.

**ARTICLE 11**  
**PRE-CLOSING COVENANTS**

**11.1 CSE Application and Transaction Documents**

- (a) The Purchaser shall use its commercially reasonable efforts to complete and file its application with the CSE for acceptance for filing of the Transaction by the filing of all documentation required by the CSE, including but not limited to the Target Financial Statements and the Business Plan and corporate disclosure that complies with CSE Form 2A.
- (b) The Purchaser shall provide the Target, the Principal Vendor and their counsel with a reasonable opportunity to review and approve (prior to the filing thereof) of all documentation (including the filings with the CSE) in connection with the Transaction.
- (c) The Target and Principal Vendor shall use their reasonable commercial efforts to cooperate with the Purchaser in the preparation and delivery to the Purchaser of the

materials required for the CSE listing application, including the Target Financial Statements and Business Plan, and the preparation of any other materials necessary to obtain the Listing Conditional Approval and receipt of any required regulatory approvals.

- (d) The Target and Principal Vendor shall provide the Purchaser and its counsel with a reasonable opportunity to review and approve all material documentation in connection with the Transaction, including without limitation, the Target Financial Statements, Business Plan and corporate disclosure that complies with the CSE Form 2A.
- (e) If the CSE requires that the Purchaser and/or the Target obtain additional funding to obtain Listing Conditional Approval, the date on which either Party hereto may terminate this Agreement for the Transaction not having closed shall be extended by 60 days for the purpose of giving either Party or both Parties hereto additional time to raise the funds required by the CSE.

### **11.2 Target Convertible Notes**

On or prior to Closing, the Target shall enter into the Note Amending Agreements with all of the Target Noteholders to amend the terms of their Target Convertible Notes such that the Target Convertible Notes will automatically convert into such number of Class A Special Warrants as determined by application of the Special Warrant Formula on the First Milestone Achievement Date. Until the Special Warrants are released on the First Milestone Achievement Date, the Special Warrants will be issued to the Target Special Warrant Trustee to be held in trust until distributed to the Target Noteholders and Target Shareholders in accordance with Section 2.2 of this Agreement.

### **11.3 Target Financial Statements**

The Target will immediately notify the Purchaser in accordance with Section 15.4 hereof, if they receive any advice or notification from the Target's independent certified public accountants that the Target has used any improper accounting practice that would have the effect of not reflecting or incorrectly reflecting any Target Assets, Liabilities, revenues, or expenses in the books, records, and accounts of the Target.

### **11.4 Notification of Financial Liabilities**

The Target will immediately notify the Purchaser in accordance with Section 15.4 hereof, if they receive any advice or notification from the Target's independent certified public accountants that the Target has used any improper accounting practice that would have the effect of not reflecting or incorrectly reflecting any Target Assets, Liabilities, revenues, or expenses in the books, records, and accounts of the Target.

### **11.5 Access for Investigation**

- (a) Between the Execution Date and the Closing, the Target will:
  - (i) afford the Purchaser, the Purchaser's solicitors and the Purchaser's representatives, advisors, prospective investors and their representatives (collectively, the "**Purchaser Advisors**"), full and free access to the personnel, properties, contracts, books and records, and other documents and data of the Target, in each case during normal business hours, upon a reasonable number of

occasions, upon reasonable notice and in a manner calculated to minimize disruption of the Target Business;

- (ii) furnish the Purchaser and the Purchaser Advisors with copies of all such contracts, books and records, and other existing documents and data, as the Purchaser may reasonably request; and
- (iii) furnish the Purchaser and the Purchaser Advisors with such additional financial, operating and other data and information as the Purchaser may reasonably request.

(b) Between the Execution Date and the Closing Date, the Purchaser will:

- (i) afford the Target, and its respective representatives, legal and advisors and prospective lenders and their representatives (collectively, the "**Target Advisors**"), full and free access to the Purchaser's personnel, properties, contracts, books and records, and other documents and data, in each case during normal business hours, upon a reasonable number of occasions, upon reasonable notice and in a manner calculated to minimize disruption of the Purchaser's business;
- (ii) furnish the Target and the Target Advisors with copies of all such contracts, books and records, and other existing documents and data, as the Target may reasonably request; and
- (iii) furnish the Target and the Target Advisors with such additional financial, operating and other data and information as the Target may reasonably request.

## **11.6 Required Approvals**

- (a) As promptly as practicable after the Execution Date, the Target will make all filings required by Applicable Laws to be made by it in order to consummate the transactions contemplated herein. Between the Execution Date and the Closing, the Target and the Target Vendors will cooperate with the Purchaser with respect to all filings that the Purchaser elects to make, or is required by Applicable Laws to make, in connection with the transactions contemplated herein.
- (b) As promptly as practicable after the Execution Date, the Purchaser will make all filings required by Applicable Laws to be made by it in order to consummate the transactions contemplated herein. Between the Execution Date and the Closing, the Purchaser will cooperate with the Target and the Target Vendors with respect to all filings that the Target or the Target Vendors elect to make, or are required by Applicable Laws to make in connection with the transactions contemplated herein.

## **11.7 Notification**

- (a) Between the Execution Date and the Closing, each of the Parties will promptly notify the others in writing if any such Party becomes aware of any fact or condition that causes or constitutes a breach of any of the representations and warranties set forth herein, or if

such Party becomes aware of the occurrence of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. During the same period, each Party will promptly notify the others of the occurrence of any breach of any covenant set forth herein or of the occurrence of any event that may make the satisfaction of the conditions set forth herein impossible or unlikely.

- (b) No Party may elect not to complete the transactions contemplated hereby, or exercise any termination right arising therefrom, unless forthwith, and in any event prior to the Closing, the Party intending to rely thereon has delivered a written notice to the other Parties specifying, in reasonable detail, all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the termination right.
- (c) The Target and each of the Target Vendors agrees that any notice provided by the Purchaser to the Target under any provision of this Agreement will be deemed to also constitute notice to each of the Target Vendors.

#### **11.8 Best Efforts**

Between the Execution Date and the Closing, the Parties will use their reasonable commercial efforts to cause the conditions contained in this Agreement to be satisfied.

#### **11.9 Mutual Obligation to Pursue Listing**

- (a) The Purchaser hereby covenants to the Target and Target Vendors as follows:
  - (i) the Purchaser shall, as soon as practicable, prepare a listing application in a form acceptable to the Target, acting reasonably, for the Listing;
  - (ii) the Purchaser shall use reasonable commercial efforts to obtain the Listing Conditional Approval prior to the Closing Date and complete the Listing following the Closing Date, subject to customary conditions; and
  - (iii) the Purchaser shall use reasonable commercial efforts to obtain all regulatory approvals under Applicable Laws, including Applicable Securities Laws, to permit the issuance and first resale of the Consideration Shares, without qualification with, or approval of, or the filing of any prospectus or similar document, including the filing of all required documents with the CSE, or the taking of any proceeding with, or the obtaining of any further order, ruling or consent from, any Governmental Body pursuant to Applicable Securities Laws or other Applicable Laws, or the fulfillment of any other legal requirement in any such jurisdiction (other than, with respect to such first resales, any restrictions on transfer by reason of, among other things, a holder being a "control person" for purposes of Canadian federal, provincial or territorial Applicable Securities Laws); and

- (b) the Target hereby covenants to the Purchaser that it shall use reasonable commercial efforts to cooperate with the Purchaser in the preparation of the listing application and the preparation of any other materials necessary to obtain the Listing Conditional Approval and receipt of any regulatory approvals for the issue and first resale of the Consideration Shares. Each Party covenants to take all commercially reasonable steps to cause the Purchaser to obtain the Listing Conditional Acceptance prior to the Closing Date. Each Party further covenants that it will use reasonable commercial efforts following the Closing Date to complete the Listing.

#### **11.10 Disclosure of Confidential Information**

Until the Closing and, if this Agreement is terminated without consummation of the transactions contemplated herein, then after such termination, the Purchaser, the Target and each of the Target Vendors will maintain in confidence, will cause their respective Employees, representatives (including any financial or other advisers) and agents, and any Affiliates thereof, to maintain in confidence, and will not use to the detriment of another Party or divulge to any other Person, other than their respective legal and financial advisors, auditors, representatives and any other Governmental Body having jurisdiction, any confidential written, oral, or other information obtained during the course of the investigations in connection with this Agreement or the transactions contemplated herein, unless:

- (a) such information becomes publicly available through no fault of such Party;
- (b) the use of such information is necessary or appropriate under Applicable Laws or in making any filing or obtaining any consent or approval required for the consummation of the transactions contemplated herein; or
- (c) the furnishing or use of such information is required by or necessary or appropriate in connection with any Proceedings.

#### **11.11 Public Notices and Disclosure**

The Parties agree that they will not release or issue any reports or statements or make any public announcements relating to this Agreement or the transactions contemplated herein without the prior written consent of the other Parties, except as may be required upon written advice of counsel to comply with Applicable Laws or regulatory requirements after consulting with the other Parties and seeking their reasonable consent to such announcement. Notwithstanding the foregoing, each of the Target Vendors agrees that any consent of the Target with respect to any public announcements by the Purchaser will be deemed to also be the consent of each of the Target Vendors in connection with any such public announcement.

#### **11.12 Non-Solicitation**

- (a) Except as provided for herein, neither the Target nor any Target Vendor shall, directly or indirectly, through any Employee, representative (including any financial or other advisor) or agent of the Target, or any affiliate thereof (collectively, the “**Representatives**”): (i) make, solicit, assist, initiate, encourage or otherwise facilitate the initiation of any inquiries or proposals regarding an Acquisition Proposal, including by way of furnishing or providing copies of, access to, or disclosure of, any information, properties, facilities, books or records of the Target, or entering into any form of agreement, arrangement or

understanding; (ii) enter into, or otherwise engage or participate in, any discussions or negotiations with any Person (other than the Purchaser or any of its Affiliates) regarding an Acquisition Proposal; provided, however, that the Target may communicate with any Person making an Acquisition Proposal for the purpose of advising such Person that the Acquisition Proposal could not reasonably be expected to result in a Superior Proposal; (iii) approve, accept, endorse or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal, or (iv) accept or enter into, or publicly propose to accept or enter into, any Contract in respect of any Acquisition Proposal.

- (b) The Target and each of the Target Vendors shall, and shall cause its respective Representatives to, immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any Person conducted prior to the date of this Agreement by it or any of its Representatives with respect to any Acquisition Proposal, and, in connection therewith, the Target and each Target Vendor will discontinue access to any of confidential information with respect to the Target and the Target Business, and not establish or allow access to any of the Target's confidential information, or any data room, virtual or otherwise, and shall as soon as possible request, to the extent entitled to do so, and exercise all rights it has to require, the return or destruction of all information regarding the Target previously provided to any such Person or any other Person, and will request, and exercise all rights it has to require, the destruction of all material including, incorporating or otherwise reflecting any information regarding the Target in the possession of such Person or its affiliates.
- (c) Notwithstanding Sections 11.12(a) and 11.12(b) and any other provision of this Agreement, if at any time following the Execution Date and prior to the Closing, the Target receives a bona fide written Acquisition Proposal that did not result from a breach of Section 11.12, or an Acquisition Proposal is made to a Target Vendor, and the Target Board determines in good faith, after consultation with the Target's financial advisors and outside counsel, that such Acquisition Proposal constitutes or, if consummated in accordance with its terms, could reasonably be expected to be a Superior Proposal and in the opinion of the Target Board, acting in the good faith judgment of the Target Board, after consultation with outside legal counsel, failure to take such action would be inconsistent with the Target Board's exercise of its fiduciary duties, then the Target may, in response to a request made by the Party making or proposing to make such Acquisition Proposal, and provided it is in compliance with Sections 11.12(b) and 11.12(d): (i) furnish information with respect to the Target to the Person making such Acquisition Proposal; or (ii) enter into, participate, facilitate and maintain discussions or negotiations with, and otherwise cooperate with or assist, the Person making such Acquisition Proposal; provided that the Target shall not, and shall not allow its Representatives to, disclose any non-public information to such Person if such non-public information has not been previously provided to, or is not concurrently provided to the Purchaser and without entering into a confidentiality and standstill agreement with such Person.
- (d) In the event that the Target or any Target Vendor receives an Acquisition Proposal or any proposal, inquiry, offer or request that could lead to an Acquisition Proposal, it shall promptly notify the Purchaser, at first orally and then promptly, and in any event within 24 hours, in writing of the material terms and conditions thereof, and the identity of the Person(s) making the Acquisition Proposal, and shall provide the Purchaser with a copy of

any such proposal, inquiry, offer or request, a copy of any agreement entered into in accordance with Section 11.12(c) hereof, a copy of any other agreements which relate to the proposal, inquiry, offer or request to which it has access, copies of any documents, correspondence and other materials received in respect of, from or on behalf of, any such Person making the Acquisition Proposal, or any amendment to any of the foregoing. The Target or Target Vendor, as applicable, shall thereafter also provide the Purchaser with such other details of such proposal, inquiry, offer or request, or any amendment to any of the foregoing, information regarding the value in financial terms that the Target Board has in consultation with its financial advisor determined should be ascribed to any non-cash consideration offered under the Acquisition Proposal, and such other information as the Purchaser may reasonably request, and shall keep the Purchaser fully informed as to the status, including any changes to the material terms, of such proposal, inquiry, offer or request, or any amendment to any of the foregoing, and shall respond promptly to all inquiries from the Purchaser with respect thereto.

- (e) Each of the Target and each of the Target Vendors covenants that it will not accept, approve, endorse, recommend or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by Section 11.12(c)) unless:
  - (i) the Target Board concludes in good faith that the Acquisition Proposal constitutes a Superior Proposal;
  - (ii) the Acquisition Proposal did not result from a breach of this Section 11.12; and
  - (iii) the Target complies with the procedures set out in Article 13.
- (f) Nothing contained in this Agreement shall prohibit the Target Board from taking any action or from making any disclosure to any of the Target Vendors prior to the Closing if, in the good faith judgment of the Target Board, after consultation with outside legal counsel, failure to take such action or make such disclosure would be inconsistent with the Target Board's exercise of its fiduciary duties or such action or disclosure is otherwise required under Applicable Law.
- (g) The Target covenants and agrees that: (i) it will take all necessary action to enforce each confidentiality, standstill or similar agreement or restriction to which it is a party; and (ii) neither it nor any of its Representatives, have or will, without the prior written consent of the Purchaser (which may be withheld or delayed in the Purchaser's sole and absolute discretion), release any Person from, or waive, amend, suspend or otherwise modify, such Person's obligations respecting it under any confidentiality, standstill or similar agreement or restriction to which it is a party.

## **ARTICLE 12**

### **ADDITIONAL COVENANTS**

#### **12.1 Directors**

In connection with the Closing, the Purchaser will cause the Resulting Issuer Board to be reconstituted to consist of five (5) directors, two (2) of which will be David Hodge and Chris Parr, current directors of the

Purchaser, as nominees of the Purchaser, and three (3) of which will be nominees of the Target, including the Principal Vendor, provided that each nominee for the Resulting Issuer Board is eligible to serve as a director of the Resulting Issuer under Applicable Laws and is acceptable to the CSE. The Target will provide the Purchaser in a timely manner with a CSE Personal Information Form for such Target nominees and with any other documents and information which may be necessary in order to obtain the approval of the CSE and any other Persons as required for the appointment of such Target nominees to the Resulting Issuer Board.

## 12.2 Officers

In connection with the Closing, the Parties agree that:

- (a) the current officers of the Purchaser who will not be officers of the Resulting Issuer shall resign, without payment or liability to the Purchaser or the Target, subject to their receiving and providing customary releases acceptable to them; and
- (b) the officers of the Resulting Issuer will be reconstituted to consist of the following individuals:

Name	Officer Position(s)
Ofer Vicus	Chief Executive Officer
Daniel Hejcman	Chief Financial Officer and Corporate Secretary
Marcus Trygstad	Chief Technology Officer

## 12.3 Change of Name

Concurrently with or as soon as possible after the Closing, the Purchaser shall complete the Name Change.

## 12.4 Bridge Loan

The Target and the Purchaser agree that, on Closing, the Bridge Loan will be deemed to be an inter-company loan.

## 12.5 Stock Options

At Closing, the Resulting Issuer shall grant a total of 10,000,000 stock options with a term of 3 years to directors, officers and consultants of the Purchaser as determined by Purchaser prior to Closing, which options shall vest and become exercisable as follows:

- (a) one-third will vest on Closing and be exercisable at a price of \$0.10 per share;
- (b) one-third will vest on closing of the first financing of at least \$2,500,000 completed by the Resulting Issuer after the Closing (the "**Qualified First Financing**") with the exercise price of such options being equal to the share or unit price of said Qualified First Financing, and
- (c) one-third will vest on closing of the first financing of at least \$4,500,000 completed by the Resulting Issuer after the Qualified First Financing (the "**Qualified Second Financing**")



with the exercise price of such options being equal to the share or unit price of said Qualified Second Financing.

**ARTICLE 13**  
**TERMINATION**

**13.1 Termination**

This Agreement may be terminated at any time prior to the Closing by:

- (a) mutual written agreement of the Purchaser and the Target;
- (b) the Purchaser, if there has been a material breach by the Target or a Target Vendor of any material representation, warranty, covenant or agreement set forth in this Agreement on the part of the Target or a Target Vendor that is not cured, to the reasonable satisfaction of the Purchaser, within ten Business Days after notice of such breach is given by the Purchaser to the Target (except that no cure period will be provided for a breach by the Target or a Target Vendor that, by its nature, cannot be cured);
- (c) the Target, if there has been a material breach by the Purchaser of any material representation, warranty, covenant or agreement set forth in this Agreement on the part of the Purchaser that is not cured, to the reasonable satisfaction of the Target within ten Business Days after notice of such breach is given by the Target to the Purchaser (except that no cure period will be provided for a breach by the Purchaser that by its nature cannot be cured);
- (d) either the Purchaser or the Target if the Transaction is rejected by the CSE and all recourse or rights of appeal have been exhausted;
- (e) either the Purchaser or the Target if any Order of a Governmental Body of competent authority preventing the consummation of the transactions contemplated by this Agreement has become final and non-appealable;
- (f) either the Purchaser or the Target if the transactions contemplated herein have not been consummated prior to December 31, 2020, unless otherwise extended (i) pursuant to Section 11.1(e); or (ii) by the written agreement of the Purchaser and the Target;
- (g) the Purchaser if the Target Board authorizes the Target, subject to complying with the terms of this Agreement to enter into a legally binding agreement relating to a Superior Proposal; or
- (h) the Target if the Target Board authorizes the Target, subject to complying with the terms of this Agreement, to enter into a legally binding agreement with respect to a Superior Proposal.

**13.2 Agreement of No Further Force or Effect**

If either the Purchaser or the Target wishes to terminate this Agreement pursuant to Section 13.1 (other than pursuant to Section 13.1(a)), such Party shall give written notice of such termination to the other

Party. In the event of the termination of this Agreement as provided in Section 13.1, this Agreement will be of no further force or effect, except as otherwise expressly contemplated hereby and provided that the provisions in Sections 11.10, 11.11, 13.2, 15.1, 15.5, 15.7 and 15.8 shall survive any termination hereof; and provided further that no termination of this Agreement will relieve any Party of liability for any breaches of this Agreement that are based on a wrongful refusal or failure to perform any obligations under this Agreement.

## **ARTICLE 14** **INDEMNITIES**

### **14.1 Agreement of the Purchaser to Indemnify**

The Purchaser will indemnify, defend, and hold harmless, to the full extent of the law, the Target from, against, and in respect of, any and all Losses asserted against, relating to, imposed upon, or incurred by the Target by reason of, resulting from, based upon, or arising out of:

- (a) the material breach by the Purchaser of any representation or warranty of the Purchaser contained in, or made pursuant to, any Transaction Document; or
- (b) the material breach or partial breach by the Purchaser of any covenant or agreement of the Purchaser made in, or pursuant to any Transaction Document.

### **14.2 Agreement of the Target to Indemnify**

The Target will indemnify, defend, and hold harmless, to the full extent of the law, the Purchaser from, against, and in respect of any and all Losses asserted against, relating to, imposed upon, or incurred by the Purchaser by reason of, resulting from, based upon or arising out of:

- (a) the material breach by the Target of any representation or warranty of the Target contained in, or made pursuant to, any Transaction Document;
- (b) the material breach or partial breach by the Target of any covenant or agreement of the Target made in, or made pursuant to, any Transaction Document; or
- (c) any tax arising as a result of the sale of the Target Securities by the Target Vendors.

### **14.3 Third Party Claims**

- (a) If any third party notifies a Party entitled to indemnification under Section 14.1 or 14.2 (each an "**Indemnified Party**") with respect to any matter (a "**Third-Party Claim**") which may give rise to an indemnity claim against a Party required to indemnify such Indemnified Party under Section 14.1 or 14.2 (each an "**Indemnifying Party**"), then the Indemnified Party will promptly give written notice to the Indemnifying Party; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party will relieve the Indemnifying Party from any obligation under this Article 14, except to the extent such delay actually and materially prejudices the Indemnifying Party.
- (b) The Indemnifying Party will be entitled to participate in the defense of any Third-Party Claim that is the subject of a notice given by the Indemnified Party pursuant to Section

14.3(a). In addition, the Indemnifying Party will have the right to defend the Indemnified Party against the Third-Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party so long as: (i) the Indemnifying Party gives written notice to the Indemnified Party within 15 days after the Indemnified Party has given notice of the Third-Party Claim that the Indemnifying Party elects to assume the defense of such Third-Party Claim; (ii) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have adequate financial resources to defend against the Third-Party Claim and fulfill its indemnification obligations hereunder; (iii) if the Indemnifying Party is a party to the Third-Party Claim or, in the reasonable opinion of the indemnified Party, some other actual or potential conflict of interest exists between the Indemnifying Party and the Indemnified Party, the Indemnified Party determines in good faith that joint representation would not be inappropriate; (iv) the Third-Party Claim does not relate to or otherwise arise in connection with Taxes or any criminal or regulatory enforcement action; (v) settlement of, an adverse judgment with respect to or the Indemnifying Party's conduct of the defense of the Third-Party Claim is not, in the good faith judgment of the Indemnified Party, likely to be materially adverse to the Indemnified Party's reputation or continuing business interests (including its relationships with current or potential customers, suppliers or other parties material to the conduct of its business); and (vi) the Indemnifying Party conducts the defense of the Third-Party Claim actively and diligently. The Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third-Party Claim; provided, however, that the Indemnifying Party will pay the reasonable fees and expenses of separate co-counsel retained by the Indemnified Party that are incurred prior to the Indemnifying Party's assumption of control of the defense of the Third-Party Claim.

- (c) The Indemnifying Party will not consent to the entry of any judgment, or enter into any compromise or settlement, with respect to the Third-Party Claim without the prior written consent of the Indemnified Party, unless such judgment, compromise or settlement: (i) provides for the payment by the Indemnifying Party of money as sole relief for the claimant; (ii) results in the full and general release of the Indemnified Party from all Liabilities arising or relating to, or in connection with, the Third-Party Claim; and (iii) involves no finding or admission of any violation of Applicable Laws or the rights of any Person and has no effect on any other claims that may be made against the Indemnified Party.
- (d) If the Indemnifying Party does not deliver the notice contemplated by Section 14.3(b)(i), or the evidence contemplated by Section 14.3(b)(ii), within 15 days after the Indemnified Party has given notice of the Third-Party Claim, or otherwise at any time fails to conduct the defense of the Third-Party Claim actively and diligently, the Indemnified Party may defend, and may consent to the entry of any judgment or enter into any compromise or settlement with respect to, the Third-Party Claim in any manner it may deem appropriate; provided, however, that the Indemnifying Party will not be bound by the entry of any such judgment consented to, or any such compromise or settlement effected, without its prior written consent (which consent will not be unreasonably withheld or delayed). In the event that the Indemnified Party conducts the defense of the Third-Party Claim pursuant to this Section 14.3(d), the Indemnifying Party will: (i) advance the Indemnified Party promptly and periodically for the costs of defending against the Third-Party Claim

(including reasonable attorneys' fees and expenses); and (ii) remain responsible for any and all other Losses that the Indemnified Party may incur or suffer resulting from, arising out of, relating to, in the nature of or caused by the Third-Party Claim to the fullest extent provided in this Article 14.

#### **14.4 Limitations**

- (a) The Target shall not have any indemnification liability pursuant to Section 14.2 until such time as the total amount of all damages that have been directly or indirectly suffered or incurred by any one or more of the Indemnitees, or to which any one or more of the Indemnitees has or have otherwise directly or indirectly become subject, exceeds \$50,000 (the "**Basket Amount**") in the aggregate. Once the total amount of such Damages exceeds the Basket Amount, then the Indemnitees shall be entitled to be indemnified against and compensated and reimbursed for any Damages, in excess of the Basket Amount.
- (b) The limitation set forth in Section 14.3(a) shall not apply (and shall not limit the indemnification obligations) in the event of intentional misrepresentation or fraud.
- (c) Recourse by the Indemnitees under this Article 14 shall be limited to \$500,000.

### **ARTICLE 15** **GENERAL**

#### **15.1 Expenses**

Each Party will be responsible for and bear all of its own costs and expenses (including those of such Party's Employees, representatives (including any financial or other advisers) agents, brokers and finders, and any Affiliates thereof) incurred in connection with the preparation of this Agreement and the transactions contemplated by this Agreement.

#### **15.2 Indemnifications Not Affected by Investigation**

The right to indemnification, payment of damages or other remedy based on the representations, warranties, covenants, and obligations contained herein will not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing, with respect to, the accuracy or inaccuracy of, or compliance with, any such representation, warranty, covenant or obligation. The waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation, will not affect the right to indemnification, payment of damages, or other remedy based on such representations, warranties, covenants, and obligations.

#### **15.3 Assignment**

No Party may assign any of its respective rights under this Agreement without the prior consent of each of the other Parties, provided that the consent of the Target to any assignment by the Purchaser will be deemed to also be the consent of each of the Target Vendors. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of, the successors and permitted assigns of each of the Parties, as applicable. Nothing expressed or referred to in this Agreement

will be construed to give any Person, other than the Parties, any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the Parties and their successors and assigns, as applicable.

#### **15.4 Notices**

Any notice required or permitted to be given under this Agreement will be in writing and may be given by delivering, sending by email or other means of electronic communication capable of producing a printed copy, or sending by prepaid registered mail, the notice to the following address or number:

If to the Purchaser:

Dimension Five Technologies Inc.  
Suite 1450 - 789 West Pender Street  
Vancouver, BC V6C 1H2  
Attention: Christopher Parr  
Email: [chris@dimensionfive.com](mailto:chris@dimensionfive.com)

With a copy to (which will no constitute notice):

Clark Wilson LLP  
900 – 885 West Georgia Street  
Vancouver, British Columbia V6C 3H1  
Attention: Bernard Pinsky  
Email: [BPinsky@cwilson.com](mailto:BPinsky@cwilson.com)

If to the Target or any Target Vendor:

Aduro Energy Inc.  
Suite 104, 1086 Modeland Road  
Sarnia, Ontario N7S 6L2  
Email: [ovicus@aduroenergy.com](mailto:ovicus@aduroenergy.com)

With a copy to (which will no constitute notice):

Gowling WLG (Canada) LLP  
Attention: F. John Durdan  
Email: [John.Durdan@gowlingwlg.com](mailto:John.Durdan@gowlingwlg.com)

(or to such other address or number as any Party may specify by notice in writing to the others).

Any notice delivered or sent by email or other means of electronic communication capable of producing a printed copy on a Business Day will be deemed conclusively to have been effectively given on the day the notice was sent or, if such day is not a Business Day, on the next following Business Day.

Any notice sent by prepaid registered mail will be deemed conclusively to have been effectively given on the third Business Day after posting; but if at the time of posting or between the time of posting and the

third Business Day thereafter there is a strike, lockout, or other labour disturbance affecting postal service, then the notice will not be effectively given until actually delivered.

#### **15.5 Independent Legal Advice**

The Parties acknowledge that this Agreement is the product of arm's length negotiation among the Parties, each having obtained its own independent legal advice, and that this Agreement will be construed neither strictly for nor strictly against any Party, irrespective of which Party was responsible for drafting this Agreement. . The Target Vendors further acknowledge the Gowling WLG (Canada) LLP has acted solely as counsel to the Target and not to the Target Vendors.

#### **15.6 Governing Law; Venue**

This Agreement, the legal relations between the Parties, all matters relating hereto or arising herefrom, and the adjudication and the enforcement thereof, will be governed by and interpreted and construed in accordance with the substantive laws of the Province of British Columbia, and the federal laws of Canada applicable therein, without regard to applicable choice of law provisions thereof. The Parties agree that any action, suit or proceeding arising out of, or relating to, this Agreement or the transactions contemplated hereby will be brought in a suitable court located in the Province of British Columbia, and each Party irrevocably submits to the exclusive jurisdiction of such court.

#### **15.7 Severability**

If any covenant or other provision of this Agreement is invalid, illegal, or incapable of being enforced by reason of any rule of law or public policy, then such covenant or other provision will be severed from and will not affect any other covenant or other provision of this Agreement, and this Agreement will be construed as if such invalid, illegal, or unenforceable covenant or provision had never been contained in this Agreement. All other covenants and provisions of this Agreement will, nevertheless, remain in full force and effect, and no covenant or provision will be deemed dependent upon any other covenant or provision unless so expressed herein.

#### **15.8 Entire Agreement**

This Agreement, the schedules attached hereto, and the other Transaction Documents contain the entire agreement between the Parties with respect to the subject matter hereof, and expressly supersede and terminate all prior offers, arrangements and understandings, both written and oral, expressed or implied, with respect thereto.

#### **15.9 Further Assurances**

The Parties will execute and deliver all such further documents, do or cause to be done all such further acts and things, and give all such further assurances, as may be necessary to give full effect to the provisions and intent of this Agreement.

#### **15.10 Enurement**

This Agreement and each of the terms and provisions hereof will enure to the benefit of, and be binding upon, the Parties and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns, as applicable.

**15.11 Amendment**

This Agreement may not be amended except by an instrument in writing signed by each of the Parties.

**15.12 Schedules and Target Disclosure Statement**

The schedules attached hereto, the Target Disclosure Statement and the Purchaser Disclosure Statement, are incorporated herein and expressly intended to be part of this Agreement.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

**15.13 Counterparts**

This Agreement may be executed in several counterparts, each of which will be deemed to be an original, and all of which will together constitute one and the same instrument, and delivery of an executed copy of this Agreement by email transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the Execution Date.

**IN WITNESS WHEREOF** the Parties have duly executed this Agreement as of the Execution Date.

**DIMENSION FIVE TECHNOLOGIES INC.**

Per:   
Authorized Signatory

**ADURO ENERGY**

INC. Per:   
Authorized Signatory

SEE SCHEDULE A TO THIS AGREEMENT FOR THE TARGET VENDORS' SECURITIES HOLDINGS AND SIGNATURE PAGES



**SCHEDULE A**

**TARGET VENDORS, TARGET NOTEHOLDERS, CONSIDERATION SECURITIES  
AND TARGET VENDOR SIGNATURES**

Name and Address of Target Vendor	Number and Type of Target Securities Held as of the Date Hereof	Number of Consideration Shares to be Received on Closing	Target Vendor Signature
Ofer Vicus 8 Wendy Crescent Toronto, Ontario	1,061,867 Class A Common Shares	30,369,318	_____ <b>Ofer Vicus</b>
Marcus Trygstad  Spring, TX 77379 USA	131,700 Class A Common Shares 3,800 Class B Common Shares US\$4,200 Convertible Note	3,875,290	_____ <b>Marc Trygstad</b>
Richard Sampson 16 Salisbury Street Winchester, MA 01890 USA	13,170 Class A Common Shares	376,661	_____ <b>Richard Sampson</b>
Erez Shemesh 8 Ha'neviim St. Modiin, Israel	6,585 Class A Common Shares 10,085 Class B Common Shares US\$8,000 Convertible Note	476,761	_____ <b>Erez Shemesh</b>
Ze'ev Yonovsky 31 Hasachlav St. Haifa 34790 Israel	6,585 Class A Common Shares	188,331	_____ <b>Ze'ev Yonovsky</b>
Golan Weiss  7 Hachayal St, Ramat Hasharon, Israel	13,170 Class B Common Shares	376,661	_____ <b>Golan Weiss</b>

Name and Address of Target Vendor	Number and Type of Target Securities Held as of the Date Hereof	Number of Consideration Shares to be Received on Closing	Target Vendor Signature
Ronny Shtang 43E Ch du Jonc 1218 Le Grand Saconnex Geneva Switzerland	13,170 Class B Common Shares 5,000 Class B Common Shares CA\$20,000 Convertible Note US \$10,000 Convertible Note	519,661	_____ <b>Ronny Shtang</b>
Al Covens 29 Helena Gardens Thornhill, Ontario L4J 7A8	13,170 Class B Common Shares	376,661	_____ <b>Al Covens</b>
Nemo International Enterprises Ltd 13 <sup>th</sup> Yehuda Hanasi St. Ramat Hasharon Israel	26,340 Class B Common Shares US \$2,500 Convertible Note	753,322	<b>Nemo International Enterprises Ltd.</b>  _____ <b>Name:</b> <b>Title:</b>
Yehuda Habet 86 Laurelcrest Ave Toronto, ON M3H 2A9	6,585 Class B Common	188,331	_____ <b>Yehuda Habet</b>
Brian Berkowitz Sderot Hen 69 – Apt 11 Rehovot 7646958 Israel	11,350 Class B Common Shares US\$8,070.76 Convertible Note	324,609	_____ <b>Brian Berkowitz</b>
Ishai Dror  22 Izrael street Shoham 60850 Israel	1,150 Class B Common Shares US\$3,029.70 Convertible Note	32,890	_____ <b>Ishai Dror</b>
Jane Kearns  403-25 Ritchie Avenue Toronto, ON M6R 2J6	9,878 Class B Common Shares	282,510	_____ <b>Jane Karen</b>

Name and Address of Target Vendor	Number and Type of Target Securities Held as of the Date Hereof	Number of Consideration Shares to be Received on Closing	Target Vendor Signature
Anil Jhawar Apt 312- 710 Wonderland road North, London, On	28,000 Class B Common Shares	800,798	_____ <b>Anil Jhawar</b>
Dave Shook 10129 52 St NW Edmonton, AB	7,500 Class B Common Shares	214,499	_____ <b>Dave Shook</b>
Abe Dyck 5107-60 Absolute Avenue, Mississauga, ON	21,000 Class B Common Shares	600,598	_____ <b>Abe Dyck</b>
Alon Hasdai 64 Harimon St. Ramat Hasharon Israel	8,500 Class B Common Shares	243,099	_____ <b>Alon Hasdai</b>
Pam Covens 29 Helena Gardens Thornhill, ON L4J 7A8	CA\$20,000 Convertible Note	NIL	_____ <b>Pam Covens</b>
Aliza Bitton 1377 KEW AVE, HEWLETT, NY	US\$25,000 Convertible Note	NIL	_____ <b>Aliza Bitton</b>

Name and Address of Target Vendor	Number and Type of Target Securities Held as of the Date Hereof	Number of Consideration Shares to be Received on Closing	Target Vendor Signature
Nir Orbach 59 Old Park Rd. Toronto, ON M6B 3E5	CA\$100,000 Convertible Note CA\$20,000 Convertible Note	NIL	_____ <b>Nir Orbach</b>
Gilbert Leduc 295 Delaware Ave Burlington ON	CA\$100,000 Convertible Note CA\$25,000 Convertible Note	NIL	_____ <b>Gilbert Leduc</b>
Louis Covens 29 Helena Gardens Thornhill, ON	CA\$10,000 Convertible Note	NIL	_____ <b>Louis Covens</b>
Cari Covens 29 Helena Gardens Thornhill, ON	CA\$10,000 Convertible Note	NIL	_____ <b>Cari Covens</b>
Stefanie Covens 29 Helena Gardens Thornhill, ON	CA\$10,000 Convertible Note	NIL	_____ <b>Stefanie Covens</b>
<b>TOTAL:</b>		<b>40,000,000</b>	

## SCHEDULE B

### US RESIDENT TARGET VENDOR CERTIFICATE

Capitalized terms used but not otherwise defined in this Target Vendor Certificate (this “**Certificate**”) have the meanings given to such terms in that certain securities exchange agreement (the “**Agreement**”) dated October \_\_\_\_\_, 2020 among Dimension Five Technologies Inc. (the “**Purchaser**”), Aduro Energy Inc. (the “**Target**”), and the holders of Target Securities, including the undersigned (the “**Target Vendor**”).

In connection with the issuance of the Consideration Shares to the Target Vendor pursuant to the terms of the Agreement, the Target Vendor hereby represents, warrants, acknowledges and agrees, as an integral part of the Agreement, that, as at the Execution Date and as at the Closing:

1. the Target Vendor satisfies one or more of the categories of “**Accredited Investor**”, as defined by Regulation D promulgated under the *Securities Act of 1933*, as amended, as indicated below: (Please initial in the space provide those categories, if any, of an Accredited Investor which the Target Vendor satisfies.)

\_\_\_\_\_ Category 1     an organization described in Section 501(c)(3) of the United States Internal Revenue Code, a corporation, a Massachusetts or similar business trust or partnership, not formed for the specific purpose of acquiring the Consideration Shares, with total assets in excess of US\$5,000,000,

\_\_\_\_\_ Category 2     a natural person whose individual net worth, or joint net worth with that person’s spouse exceeds US\$1,000,000, calculated by (i) not including the person’s primary residence as an asset; (ii) not including indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of the securities as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess will be included as a liability); and (iii) including indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of the securities as a liability,

\_\_\_\_\_ Category 3     a natural person who had an individual income in excess of US\$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of US\$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year,

\_\_\_\_\_ Category 4     a private business development company as defined in Section 202(a)(22) of the *Investment Advisers Act of 1940* (United States),

\_\_\_\_\_ Category 5     a director or executive officer of the Target who will continue to be a director or executive officer of the Purchaser after the Closing,

- \_\_\_\_\_ Category 6 a trust with total assets in excess of US\$5,000,000, not formed for the specific purpose of acquiring the Consideration Shares, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the 1933 Act, or
- \_\_\_\_\_ Category 7 an entity in which all of the equity owners satisfy the requirements of one or more of the foregoing categories.

Note that if the Target Vendor is claiming to satisfy one of the above categories of Accredited Investor, the Target Vendor may be required to supply the Purchaser with a balance sheet, prior years' federal income tax returns or other appropriate documentation to verify and substantiate the Target Vendor's status as an Accredited Investor.

If the Target Vendor is an entity which initialled Category 7 in reliance upon the Accredited Investor categories above, state the name, address, total personal income from all sources for the previous calendar year, and the net worth (exclusive of home, home furnishings and personal automobiles) for each equity owner of the said entity:

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2. this Certificate forms part of the Agreement (a copy of which has been provided to the Target Vendor) and by executing this Certificate, the Target Vendor agrees to be bound by all terms, conditions and obligations of or relating to the Target Vendor contained in the Agreement, and all of such terms, conditions and obligations, and any representations and warranties of the Target Vendor contained in the Agreement, are expressly incorporated by reference herein;
3. it is the registered and beneficial owner of the number of Target Securities listed next to its name in Schedule A to the Agreement, free and clear of all Liens, and the Target Vendor has no interest, legal or beneficial, direct or indirect, in any other Target Securities or Target Assets;
4. no Person has or will have any agreement or option, or any right capable at any time of becoming an agreement, to purchase or otherwise acquire the Target Securities held by the Target Vendor, or to require the Target Vendor to sell, transfer, assign, pledge, charge, mortgage or in any other way dispose of or encumber, any of the Target Securities held by the Target Vendor, other than under the Agreement;
5. there are no agreements that could restrict the transfer of any of the issued and outstanding Target Securities held by the Target Vendor, and no voting agreements, shareholders' agreements, voting trusts, or other arrangements restricting or affecting the voting of any of the Target Securities held by the Target Vendor to which the Target Vendor is a party or of which the Target Vendor is aware;
6. it has the legal capacity and competence to enter into the Agreement, execute this Certificate, and take all actions required pursuant hereto and, if it is a corporate entity, it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and all necessary approvals by its directors, shareholders and others have been obtained to authorize the execution and performance of this Agreement on behalf of the Target Vendor, and to transfer the beneficial title and ownership of its respective Target Securities to the Purchaser;

7. the representations and warranties of the Target Vendor hereunder will survive the Closing and the issuance of the Consideration Shares to the Target Vendor and, notwithstanding the Closing, or the waiver of any condition by the Purchaser, the representations, warranties, covenants and agreements of the Target Vendor and the Target set forth in the Agreement will (except where otherwise specifically provided in the Agreement) survive the Closing and will continue in full force and effect for a period of two years;
8. none of the Consideration Shares have been or will be registered under the 1933 Act, or under any state securities or "blue sky" laws of any state of the United States, and if initially issued to a Person other than a U.S. Person as that term is defined in Regulation S, may not be offered or sold in the United States or, directly or indirectly, to U.S. Persons, except in accordance with the provisions of Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and in compliance with any Applicable Securities Laws;
9. the Target Vendor understands and agrees that offers and sales of any of the Consideration Shares will be made only in compliance with the registration provisions of the 1933 Act or an exemption therefrom, and in each case only in accordance with Applicable Securities Laws;
10. the Target Vendor understands and agrees not to engage in any hedging transactions involving any of the Consideration Shares unless such transactions are in compliance with the provisions of the 1933 Act, and in each case only in accordance with Applicable Securities Laws;
11. the Target Vendor is acquiring the Consideration Shares for investment only and not with a view to resale or distribution and, in particular, it has no intention to distribute either directly or indirectly any of the Consideration Shares in the United States or to U.S. Persons;
12. except as set out in the Agreement, the Purchaser has not undertaken, and will have no obligation, to register any of the Consideration Shares under the 1933 Act;
13. the Purchaser is entitled to rely on the acknowledgements, agreements, representations and warranties, and the statements and answers of the Target Vendor, contained in the Transaction Documents, including this Certificate, and the Target Vendor will hold harmless the Purchaser from any loss or damage either one may suffer as a result of any such acknowledgements, agreements, representations, notwithstanding any independent searches or investigations that have been or may be undertaken by or on behalf of the Purchaser, and no information which is now known or should be known, or which may hereafter become known, by the Purchaser or its officers, directors or professional advisers, prior to the Closing, will limit or extinguish the Purchaser's right to indemnification hereunder;
14. the Target Vendor has been advised to consult its own respective legal, tax and other advisors with respect to the merits and risks of an investment in the Consideration Shares and, with respect to applicable resale restrictions, is solely responsible (and the Purchaser is not in any way responsible) for compliance with applicable resale restrictions;
15. the Target Vendor and the Target Vendor's advisor(s) have had a reasonable opportunity to ask questions of and receive answers from the Purchaser in connection with the acquisition of the Consideration Shares, and to obtain additional information, to the extent possessed or obtainable by the Purchaser without unreasonable effort or expense;

16. the books and records of the Purchaser were available upon reasonable notice for inspection, subject to certain confidentiality restrictions, by the Target Vendor during reasonable business hours at its principal place of business, and all documents, records and books in connection with the acquisition of the Consideration Shares have been made available for inspection by the Target Vendor, the Target Vendor's attorney and/or advisor(s);
17. the Target Vendor: (a) is able to fend for itself in connection with the acquisition of the Consideration Shares, (b) has such knowledge and experience in business matters as to be capable of evaluating the merits and risks of its prospective investment in the Consideration Shares, and (c) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment;
18. the Target Vendor is not aware of any advertisement of any of the Consideration Shares and is not acquiring the Consideration Shares as a result of any form of general solicitation or general advertising including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
19. except as set out in the Agreement, no Person has made to the Target Vendor any written or oral representations:
  - (a) that any Person will resell or repurchase any of the Consideration Shares,
  - (b) that any Person will refund the purchase price of any of the Consideration Shares, or
  - (c) as to the future price or value of any of the Consideration Shares;
20. the Target Vendor is acquiring the Consideration Shares as principal for its own account, for investment purposes only, and not with a view to, or for, resale, distribution or fractionalization thereof, in whole or in part, and no other Person has a direct or indirect beneficial interest in the Consideration Shares;
21. neither the SEC nor any other securities commission or similar regulatory authority has reviewed or passed on the merits of the Consideration Shares;
22. the Purchaser will refuse to register any transfer of Consideration Shares not made in accordance with the provisions of Regulation S, pursuant to registration under the 1933 Act, or pursuant to an available exemption from registration under the 1933 Act;
23. in addition to restrictions imposed by the Escrow Agreement, and such legends as are required under applicable Canadian securities laws, the certificate(s) representing the Consideration Shares issued to the Vendor will bear the following legend

"NONE OF THE SECURITIES REPRESENTED HEREBY HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY U.S. STATE SECURITIES LAWS, AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY BY A PERSON WHO IS NOT A U.S. PERSON, IN THE UNITED STATES (AS DEFINED HEREIN) OR TO U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S UNDER THE 1933 ACT, PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT, OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND IN EACH CASE ONLY IN ACCORDANCE WITH APPLICABLE



STATE SECURITIES LAWS. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATIONS UNDER THE 1933 ACT.;

24. the address of the Target Vendor as set out on the signature page to this Certificate is the sole address of the Vendor;
25. this Certificate may be executed and delivered by email transmission or other form of electronic transmission capable of producing a printed copy and in any case will be deemed to be an original; and

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

26. the Target Vendor waives all claims and actions connected with the issuance of or rights attached to the Target Securities or the Consideration Shares, including the benefit of any representations, warranties and covenants in favour of the Target Vendor contained in any share purchase or subscription agreement(s) for such Target Securities or Consideration Shares, including the Agreement, and any registration, liquidation or other rights by and between or among the Target Vendor and any other Person, which may be triggered as a result of the consummation of the Transaction.

IN WITNESS WHEREOF, the Target Vendor has executed this Certificate as of the Execution Date.

\_\_\_\_\_  
(Signature of Target Vendor or Authorized Signatory of Vendor if not an individual)

\_\_\_\_\_  
(Name of Target Vendor – if an Individual)

\_\_\_\_\_  
(Name of Authorized Signatory – if not an Individual)

\_\_\_\_\_  
(Title of Authorized Signatory – if not an Individual)

\_\_\_\_\_  
(SIN, SSN, or other Tax ID Number of the Vendor)

\_\_\_\_\_  
(Address of Target Vendor, including city, state of residence and zip code)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Email Address)

**Register the Consideration Shares as set forth below:**

**Deliver the Consideration Shares as set forth below:**

\_\_\_\_\_  
(Name to Appear on Share Certificate)

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address for Registration, including city, state of residence and postal code)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Contact Name and Telephone Number)

## SCHEDULE C

The patents issued to the Target and patent applications being prosecuted by the Target are set out below:

1. SYSTEM AND METHOD FOR CONTROLLING AND OPTIMIZING THE HYDROTHERMAL UPGRADING OF HEAVY CRUDE OIL AND BITUMEN

US Patent No.	9,783,742 B2
Type	Original filing
Inventor(s)	W. Marcus Trygstad
Assignee	Aduro Energy, Inc.
Filed	Oct. 28, 2013
Issued	Oct. 10, 2017
Expires	Dec. 8, 2035 (anticipated)
Foreign <sup>1</sup>	Canada, Germany, France, Italy, Russian Federation, United Kingdom

2. SYSTEM AND METHOD FOR CONTROLLING AND OPTIMIZING THE HYDROTHERMAL UPGRADING OF HEAVY CRUDE OIL AND BITUMEN

US Patent No.	9,64,455 B2
Type	Continuation in part from US 9,783,742 B2
Inventor(s)	W. Marcus Trygstad
Assignee	Aduro Energy, Inc.
Filed	Mar. 18, 2014
Issued	May 9, 2017
Expires	Nov. 4, 2034 (anticipated)
Foreign*	Canada, Germany, France, Italy, Russian Federation, United Kingdom

3. SYSTEM AND METHOD FOR HYDROTHERMAL UPGRADING OF FATTY ACID FEEDSTOCK

US Appl. No.	US15/818,274
Type	Continuation in part from US 9,783,742 B2
Inventor(s)	W. Marcus Trygstad
Assignee	Aduro Energy, Inc.
Filed	Nov. 20, 2017
Issued	n/a
Expires	n/a
Foreign	n/a

4. SYSTEM AND METHOD FOR PRODUCING HYDROTHERMAL RENEWABLE DIESEL AND SATURATED FATTY ACIDS

US Appl. No.	US16/676636
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<sup>1</sup> Jurisdictions in which the patent is pending or has been issued or allowed.

Type	Continuation in part from US 9,783,742 B2
Inventor(s)	W. Marcus Trygstad, Anil K. Jhawar, Muhammad B. I. Chowdhury, and Shaun J. Fraser
Assignee	Aduro Energy, Inc.
Filed	Nov. 7, 2019
Issued	n/a
Expires	n/a
Foreign	n/a

5. CHEMOLYTIC UPGRADING OF LOW-VALUE MACROMOLECULE FEEDSTOCKS TO HIGHER-VALUE FUELS AND CHEMICALS

US Appl. No.	n/a <sup>2</sup>
Type	Continuation in part from US 9,783,742 B2
Inventor(s)	W. Marcus Trygstad and Anil K. Jhawar
Assignee	Aduro Energy, Inc.
Filed	Oct. 9, 2020
Issued	n/a
Expires	n/a
Foreign	n/a

6. METHOD FOR EXTRACTING AND UPGRADING OF HEAVY AND SEMI-HEAVY OILS AND BITUMENS

US Patent No.	8,372,347 B2
Type	Original filing
Inventor(s)	Brian Berkowitz, Stephen R. Dunn, and Ishai Dror
Orig. Assignee	Yeda Research and Development Co Ltd.
Owner	Aduro Energy, Inc. (by legal agreement)
Filed	Apr. 11, 2011
Issued	Feb. 12, 2013
Expires	Nov. 14, 2025 (anticipated)
Foreign	Canada

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<sup>2</sup> This is a Provisional patent application in the final stages of being prepared for filing. "Filed" date given is the approximate anticipated date by which it will be filed with the United States Patent and Trademark Office.

## SCHEDULE D

### TECHNOLOGY DEVELOPMENT STAGES

Table C-I presents stages of technology development that correlate with provisions of the the Business Plan and with the Milestones.

**Table C-I. Technology Development Stages for Upgrading<sup>1</sup> Bitumen, Renewables, and Plastics by HBU, HRU, and HPU.**

Description	Reactor Designation	Reactor Size/Rate	Typical Time (Yr)	Est. Total Budget
<b>Lab R&amp;D:</b> batch reactor to study chemistry and scope process conditions	R-I	<0.5 L	0.5 - 1	\$200k
<b>Lab Pre-Pilot<sup>2</sup>:</b> further define process conditions and develop process models	R-II	0.5 – 2 L/hr	2	\$500k
<b>Pilot<sup>3</sup>:</b> full demonstration of technology and commercial viability	R-III	1 – 4 bbl/da	2	\$3MM
<b>Commercial Scaleup<sup>4</sup>:</b> technology transition from Pilot to full production	R-IV+	10 – 100 bbl/da	2	Variable

<sup>1</sup> HBU, HRU, and HPU are Hydrochemolytic Upgrading of, respectively, Bitumen, Renewable oils, and Plastics, where Bitumen is a representative member of a broad class of materials that also includes heavy oils, asphaltenes, and residua from refinery vacuum distillation units; and Plastics is a representative member of a broad class of materials that also includes foams and tire rubber.

<sup>2</sup> Same as a Show Room Unit in respect of First Milestone.

<sup>3</sup> Undertaken in respect of Second Milestone.

<sup>4</sup> The step-up from Pilot scale to a commercial scale operation is in accordance with established principles of chemical engineering. Although Aduro methods involve unique, patented chemical technology, their implementation does not depend on exotic engineering, but leverages well-established process principles and off-the-shelf process designs. This largely eliminates uncertainty and risk in commercial scaleup, which instead is anticipated to be highly predictable and efficient.

**SCHEDULE E**

[FORM OF NOTE AMENDING AGREEMENT]

**AMENDMENT TO CONVERTIBLE PROMISSORY NOTES DATED ♦ AND ♦, ISSUED BY  
ADURO ENERGY INC. ("ADURO" OR THE "COMPANY") TO ♦ ("HOLDER")**

**WHEREAS:**

- A. Aduro issued to Holder a Convertible Promissory Note dated March 31, 2018 (the "**Initial Note**") and a Convertible Promissory Note dated ♦ (the "**Second Note**") (collectively the "**Notes**"), pursuant to Note Purchase Agreements with Holder dated ♦;
- B. Aduro entered into a Letter of Intent with Dimension Five Technologies Inc. ("**D5**") dated July 13, 2020 (the "**LOI**"), a copy of which is attached hereto as Exhibit "A", whereby D5 would acquire all of the shares of Aduro from Aduro shareholders in exchange for D5 shares and Special Warrants;
- C. Under the LOI, on closing of the Reverse Takeover D5 would also issue Special Warrants to the Special Warrant Trustee to be held in trust for the benefit of the holders of Aduro Notes, including Holder, which would automatically convert to D5 common shares upon achievement of the First Milestone, all as set forth in greater detail in the LOI;
- D. Closing of the Reverse Takeover will provide the Holder with an opportunity for liquidity of its investment in the Note, and is therefore a benefit to the Holder; and
- D. Accordingly, Aduro and Holder now wish to amend some of the terms and conditions of the Notes as described herein.

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that in consideration of the mutual promises contained herein and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties do hereby agree as follows:

- 1. Definitions. Capitalized terms have the following definitions for the purposes of this Agreement and each Note:

"Accrued Note Amount" means the Principal Amount of the Note plus the amount of accrued but unpaid interest thereon as of the First Milestone Achievement Date;

"Discounted Share Price" means the greater of (i) 0.65 times the Market Price and (ii) \$0.05;

"First Milestone", means prior to the Maturity Date, the operation of a Show Room Unit to successfully obtain Product by application of Technology and validation of the same by an independent third party agreed upon by D5 and Aduro;

"First Milestone Achievement Date" means the date the Company achieves the First Milestone;

"Market Price" means the volume weighted average price of the shares of D5 Technologies Inc. for the five trading days immediately preceding the First Milestone Achievement Date;

"Product" means, lighter petroleum oil obtained by upgrading heavier petroleum feedstocks or components thereof, or deoxygenated hydrocarbons obtained from upgrading renewable oil feedstocks, or liquid hydrocarbons obtained by upgrading of certain plastic or rubber feedstocks, where the upgrading is achieved by means of Technology;

"Reverse Takeover" means a share exchange or three-cornered amalgamation pursuant to which: (i) D5 will purchase all of the Aduro shares from its shareholders, in exchange for an aggregate of 40,000,000 D5 shares and a portion of 80,000,000 Special Warrants; and (ii)

the Aduro Notes will be amended such that such notes shall automatically convert into Special Warrants upon the achievement of the First Milestone;

“Show Room Unit” means a pre-pilot reactor system capable of successfully demonstrating the obtaining of Product by application Technology as validated by an independent third party;

“Special Warrants” means special warrants of D5 issued to the Aduro Special Warrant Trustee in trust for the benefit of the existing Aduro shareholders and the Aduro noteholders which are convertible for no additional consideration into D5 Shares on a one for one basis; and

“Technology” means all technology owned, licensed, and used by Aduro for its processes and designs in respect of hydrochemolysis applied to obtain Products;

2. The Maturity Date of each Note is hereby extended to August 31, 2022, and “Maturity Date” means August 31, 2022.
3. Paragraph 2 of each Note is deleted in its entirety, and replaced with the following:

Except as otherwise stated hereunder, the Principal Amount of this Note shall bear interest from and including the date hereof at a rate of 8.5% per annum. Interest shall be calculated on the basis of a 365-day year for the actual number of days elapsed. The interest shall not be payable while the Note is outstanding, but shall accrue and shall be payable to the Holder on the Maturity Date, in the event that a Reverse Takeover (as defined hereunder) and an ensuing automatic conversion as contemplated in paragraph 4 below has not occurred prior thereto.

4. Paragraph 4 of each Note is suspended and replaced in its entirety for a period ending August 31, 2021 with the following:

In the event the Company prior to the Maturity Date (i) consummates the Reverse Takeover and (ii) achieves the First Milestone, then on the First Milestone Achievement Date, each Note shall automatically convert into that number of Special Warrants (as such term is defined in the LOI) determined by the following formula:

$$\text{Number of Special Warrants} = \frac{\text{Accrued Note Amount}}{\text{Discounted Share Price}}$$

5. Paragraph 5 of the Notes is deleted in its entirety.
6. Paragraph 5A shall be added to each Note as follows:

#### 5A. RESTRICTIVE COVENANT

Holder hereby undertakes not to take any action for enforcement of the Note and make no claim against the Company for default of any term of the Note prior to the Maturity Date.

Holder further undertakes not to demand any repayment of interest or principal on the Note prior to the Maturity Date.



Holder hereby confirms that upon completion of the Reverse Takeover, its only right pursuant to the Note prior to the Maturity Date shall be its entitlement to receive Special Warrants upon achievement of the First Milestone.

7. Except as amended by this Amendment, all the terms and conditions of the Notes and the Note Purchase Agreements shall remain unchanged and in full force and effect.

**IN WITNESS WHEREOF**, on this \_\_\_ day of August, 2020, the parties have duly executed this Amendment.

**ADURO ENERGY INC.**

By: \_\_\_\_\_  
Name: Ofer Vicus  
Title: Chairman of the Board of Directors

\_\_\_\_\_  
[Noteholder]

Witness:  
\_\_\_\_\_