

## SHARE EXCHANGE AGREEMENT

**THIS SHARE EXCHANGE AGREEMENT** is made effective the 24th day of July, 2024

**AMONG:**

**BEVCANNA ENTERPRISES INC.**, a corporation existing under the laws of the Province of British Columbia and having a registered office at 800 - 885 West Georgia Street, Vancouver, British Columbia V6C 3H1

(the “**Purchaser**”)

**AND:**

**GREENFLAME DISTRIBUTION LTD.** a corporation existing under the laws of the Province of British Columbia and having a registered office at 304 – 20338 65<sup>th</sup> Avenue, Langley, British Columbia V2Y 2X3

(“**Greenflame**”)

**AND:**

The shareholders of Greenflame listed in the attached Schedule “A”

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

**WHEREAS** on the terms and subject to the conditions herein set forth, the Purchaser desires to purchase from the Vendors all of the common shares of Greenflame in exchange for common shares of the Purchaser, and the Vendors desire to sell their common shares in Greenflame to the Purchaser;

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises and the respective covenants and agreements herein contained, the parties hereto covenant and agree as follows:

### ARTICLE I INTERPRETATION

#### 1.01 Definitions

In this Agreement, unless otherwise defined, capitalized words and terms will have the following meanings:

- (a) “**Agreement**” means this share exchange agreement as the same may be supplemented or amended from time to time;
- (b) “**Books and Records**” means all technical, business and financial records, financial books and records of account, books, data, reports, files, lists, drawings, plans, logs, briefs, customer and supplier lists, deeds, certificates, contracts, surveys, title opinions or any other documentation and information in any form whatsoever (including written, printed, electronic or computer printout form) relating to a corporation and its business;

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- (c) “**Business Day**” means a day which is not a Saturday, Sunday or a statutory holiday in the Province of British Columbia, Canada;
- (d) “**Claim**” has the meaning set forth in Section 8.04;
- (e) “**Closing**” has the meaning set forth in Section 2.03;
- (f) “**Closing Date**” means the fifth business day following public announcement of the Transaction, or such other later date as required by the CSE;
- (g) “**Closing Time**” means 5:00 p.m. (Vancouver time) on the Closing Date, or such other time as the Purchaser and Greenflame may mutually determine;
- (h) “**Common Shares**” means common shares in the capital of the Purchaser;
- (i) “**Consideration Shares**” means Common Shares issuable by the Purchaser to the Vendors on the Closing;
- (j) “**Contracts**” (individually, a “**Contract**”) means all written or oral outstanding contracts and agreements, leases (including real property leases), third-party licenses, insurance policies, deeds, indentures, instruments, entitlements, commitments, undertakings and orders made by or to which a party is bound or under which a party has, or will have, any rights or obligations and includes rights to use, franchises, license and sub-licenses agreements and agreements for the purchase and sale of assets or shares;
- (k) “**Corporate Records**” means the corporate records of a corporation, including (i) its notice of articles, articles, by-laws or other constating documents, any unanimous shareholders agreement and any amendments thereto; (ii) all minutes of meetings and resolutions of shareholders, directors and any committee thereof; (iii) the share certificate books, register of shareholders, register of transfers and registers of directors and officers; and (iv) all accounting records;
- (l) “**CSE**” means the Canadian Securities Exchange;
- (m) “**Disclosure Document**” means an information circular, filing statement or other disclosure document, prepared in accordance with the policies of the CSE in connection with the Transaction contemplated herein;
- (n) “**Encumbrances**” means any encumbrance or restriction of any kind or nature whatsoever and howsoever arising (whether registered or unregistered) and includes a security interest, mortgage, easement, adverse ownership interest, defect on title, condition, right of first refusal, right of first offer, right-of-way, encroachment, building or use restriction, conditional sale agreement, hypothec, pledge, deposit by way of security, hypothecation, assignment, charge, security under Sections 426 or 427 of the *Bank Act* (Canada), trust or deemed trust, voting trust or pooling agreement with respect to securities, any adverse claim, grant of any exclusive licence or sole licence, or any other right, option or claim of others of any kind whatsoever, and includes any agreement to give any of the foregoing in the future, and any subsequent sale or other title retention agreement or lease in the nature thereof, affecting Greenflame or the Purchased Shares.
- (o) “**Exemptions**” has the meaning set forth in Section 2.06(a);

- (p) “**Governmental Authority**” means any (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, commission, board or agency, domestic or foreign, or (b) regulatory authority, including any securities commission, gaming commission or stock exchange, including the CSE;
- (q) “**Greenflame Group**” means Greenflame and the Vendors, collectively;
- (r) “**Greenflame Material Contracts**” has the meaning set forth in Section 6.03(r);
- (s) “**laws**” means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or any provisions of the foregoing, including general principles of common and civil law and equity, binding on or affecting the person referred to in the context in which such word is used; and “**law**” means any one of them;
- (t) “**Material Adverse Effect**” means, in respect of any party, any change, event, effect or occurrence that is, individually or in aggregate, material and adverse to the business, properties, assets, liabilities (including any contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise), capitalization, condition (financial or otherwise), operations or results of operations of that party and its subsidiaries and material joint ventures taken as a whole, other than any change, effect, event or occurrence:
- (i) relating to the general economic conditions, global political conditions or securities markets in general;
  - (ii) relating to a change in the market trading price of publicly traded securities of that party, either:
    - (A) related to this Agreement and the Transaction or the announcement thereof, or
    - (B) related to such a change in the market trading price primarily resulting from a change, effect, event or occurrence excluded from this definition of Material Adverse Effect under clauses (i), (ii), (iv), (v) or (vi) hereof;
  - (iii) relating to any of the principal markets served by that party’s business generally or shortages or price changes with respect to products used or sold by that party;
  - (iv) relating to currency exchange rates;
  - (v) relating to any generally applicable change in applicable laws or regulations (other than orders, judgments or decrees against that party any of its subsidiaries and material joint ventures) or in accounting standards; or
  - (vi) attributable to the announcement of this Agreement or the Transaction, or otherwise contemplated by or resulting from the terms of this Agreement,

provided, however, that such effect referred to in clause (i), (ii), (iv) or (vi) above does not primarily relate only to (or have the effect of primarily relating only to) that party and its subsidiaries and material joint ventures, taken as a whole, or disproportionately adversely affect that party and its subsidiaries and material joint ventures taken as a whole, compared to other companies of similar size operating in the industry in which that party and its subsidiaries and material joint ventures operate.

- (u) “**Material Contract**” means any Contract to which a person is a party and which is material to such person, including any Contract: (i) the termination of which would have a Material Adverse Effect on such person; (ii) any contract which would result in payments to or from such person or its subsidiaries (if any) in excess of \$2,500, whether payable in one payment or in successive payments; (iii) any agreement or commitment relating to the borrowing of money or to capital expenditures; and (iv) any agreement or commitment not entered into in the ordinary course of business;
- (v) “**material fact**” will have the meaning ascribed to it in the *Securities Act* (British Columbia);
- (w) “**misrepresentation**” will have the meaning ascribed to it in the *Securities Act* (British Columbia);
- (x) “**Outside Date**” means September 1, 2024, unless extended in writing by the Purchaser and Greenflame;
- (y) “**person**” includes an individual, sole proprietorship, partnership, limited partnership, unincorporated association or organization, unincorporated syndicate, body corporate, trust, trustee, executor, administrator, legal representative of the Crown or any agency or instrumentality thereof;
- (z) “**Public Record**” means the information relating to the Purchaser contained in all press releases, material change reports, financial statements and related management’s discussion and analysis, information circulars and all other documents of the Purchaser which have been filed on the System for Electronic Document Analysis and Retrieval (SEDAR+);
- (aa) “**Purchased Shares**” means all of the common shares of Greenflame outstanding on the Closing Date;
- (bb) “**Purchaser Financial Statements**” has the meaning set forth in Section 6.01(h);
- (cc) “**Section 85 Election**” has the meaning set forth in Section 2.04;
- (dd) “**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;
- (ee) “**Tax Act**” means the *Income Tax Act* (Canada);
- (ff) “**Transaction**” means the purchase and sale of the Purchased Shares in accordance with the terms of this Agreement; and

(gg) “Vendors” and “Vendor” have the respective meanings set forth in the recitals to this Agreement;

## **1.02 Currency**

All references in this Agreement to \$ are to Canadian dollars.

## **1.03 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into articles, sections and other portions and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section or a Schedule or Exhibit refers to the specified Article or Section of, or Schedule or Exhibit to this Agreement.

## **1.04 Number, etc.**

Unless the subject matter or context requires the contrary, words importing the singular number only will include the plural and vice versa; words importing the use of any gender will include all genders and words importing persons will include natural persons, firms, trusts, partnerships and corporations.

## **1.05 Date for Any Action**

In the event that any date on which any action is required or permitted to be taken hereunder by any person is not a Business Day, such action will be required to be taken on the next succeeding day which is a Business Day.

## **1.06 Statutory References**

Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute in force from time to time and any statute, regulation or rule that supplements or supersedes such statute, regulation or rule.

## **1.07 Accounting Principles**

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference will be deemed to be International Financial Reporting Standards.

## **1.08 Knowledge**

- (a) Any reference herein to “the knowledge of the Purchaser” (or similar expressions) will be deemed to mean the actual knowledge of Marcello Leone, the Chief Executive Officer and a Director of the Purchaser, together with the knowledge such persons would have had if they had conducted a diligent inquiry into the relevant subject matter.
- (b) Any reference herein to “the knowledge of Greenflame” (or similar expressions) will be deemed to mean the actual knowledge of David Robinson, the Director of Greenflame, together with the knowledge such persons would have had if they had conducted a diligent inquiry into the relevant subject matter.

## ARTICLE II PURCHASE AND SALE OF PURCHASED SHARES

### 2.01 Purchase and Sale

Subject to the terms and conditions set forth herein, at the Closing, the Vendors shall sell, assign and transfer to the Purchaser, and the Purchaser shall purchase and acquire from the Vendors, the Purchased Shares as set out in Schedule A attached hereto, free and clear of all Encumbrances.

### 2.02 Purchase Price

On the Closing Date, and as sole consideration for the Purchased Shares, the Purchaser shall issue to each Vendor 1.85185155555556 Consideration Shares, at a deemed price of \$0.60 per Consideration Share in exchange for each one Purchased Share, for an aggregate total of 4,166,663 Consideration Shares (the "**Purchase Price**"). The Consideration Shares shall be allocated among the Vendors in accordance with the respective amounts set opposite their names in Column IV of Schedule "A". No fractional Consideration Shares shall be issued, and in the event a Vendor is entitled to a fractional number of Consideration Shares, the Vendor shall receive the number of Consideration Shares rounded down to the nearest whole number and such fractional Consideration Share shall be eliminated.

### 2.03 Closing

Subject to the terms and conditions of this Agreement, the purchase and sale of the Purchased Shares contemplated hereby shall take place by way of electronic exchange between Purchaser's counsel and Greenflame's counsel of executed documents and other deliverables on the basis of professional undertakings of trust conditions (the "**Closing**"), to be held at the Closing Time on the Closing Date or on such other date and such other time as may be agreed upon in writing by the parties, and will be effective as of the Closing Time.

### 2.04 Tax Election

At the request of the Vendors, the Purchaser will complete, sign and deliver the form of joint election prescribed by section 85(1) of the Tax Act with the relevant Vendor for the Consideration Shares (the "**Section 85 Election**"), which Section 85 Election will specify as the "agreed amount" the relevant Vendor's adjusted cost base of its Purchased Shares.

### 2.05 Tax Liabilities

Notwithstanding anything contained in this Agreement, the Purchaser does not assume and will not be liable for any taxes or any other amount whatsoever which may be or become payable by Vendors including, without limiting the generality of the foregoing, any taxes resulting from or arising as a consequence of the sale by Vendors to the Purchaser of the Purchased Shares herein contemplated.

### 2.06 Acknowledgement

Each of the Vendors acknowledges and agrees as follows:

- (a) the transfer of the Purchased Shares and the issuance of the Consideration Shares, in exchange therefor, will be made pursuant to appropriate exemptions (the "**Exemptions**") from the prospectus requirements of Securities Laws;

- (b) as a consequence of acquiring the Consideration Shares, pursuant to the Exemptions:
- (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Consideration Shares;
  - (ii) there is no government or other insurance covering the Consideration Shares;
  - (iii) there are risks associated with the purchase of the Consideration Shares; and
  - (iv) the Purchaser has advised the Vendor that the Purchaser is relying on an exemption from the requirements to provide the Vendor with a prospectus under the *Securities Act* (British Columbia) and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the *Securities Act* (British Columbia), including statutory rights of rescission or damages, will not be available to the Vendor;
- (c) the Consideration Shares are being issued pursuant to an exemption from the prospectus requirements set out in Section 2.16 of National Instrument 45-106 – *Prospectus Exemptions*;
- (d) the Vendors acknowledge and agree that the certificates representing the Consideration Shares will be subject to a restricted period of four months and one day in accordance with the policies and requirements of the CSE;
- (e) the Vendor is knowledgeable of, or has been independently advised as to, the applicable laws of that jurisdiction which apply to the sale of the Consideration Shares and the issuance of the Consideration Shares, and which may impose restrictions on the resale of such Consideration Shares in that jurisdiction and it is the responsibility of the Vendor to find out what those resale restrictions are, and to comply with them before selling the Consideration Shares.

### ARTICLE III ADDITIONAL AGREEMENTS

#### **3.01 Directors and Officers**

On the Closing, provided that such persons meet all necessary legal and regulatory requirements and are willing and able to act, the board of directors of Greenflame will be reconstituted to consist of one (1) new director, as designated by the Purchaser prior to Closing, and Greenflame shall take all necessary steps in order for these appointments to be effective on Closing. No changes shall be made to the board of directors of the Purchaser.

### ARTICLE IV CONDITIONS OF CLOSING

#### **4.01 Conditions of Closing in Favour of the Purchaser**

The obligations of the Purchaser to complete the Transaction are subject to the fulfillment of the following conditions on or before the Closing Time:

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- (a) the Vendors and Greenflame will have tendered all closing deliveries set forth in Sections 5.03 and 5.04, respectively, including all documents required to transfer the Purchased Shares to the Purchaser;
- (b) the CSE will not have commented or objected to the Transaction within 5 business days of public announcement of the Transaction, or if the CSE has so commented or objected during such period, all such comments or objections shall have been addressed to the satisfaction of the CSE on or prior to the Outside Date;
- (c) the representations and warranties of Greenflame set forth in this Agreement will have been true and correct as of the date hereof and will be true and correct at the Closing Time in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier), except as affected by the transactions contemplated by this Agreement, and a certificate of a senior officer of Greenflame to this effect in the form attached as Schedule "B" to this Agreement will have been delivered to the Purchaser;
- (d) all of the terms, covenants and conditions of this Agreement to be complied with or performed by Greenflame at or before the Closing Time will have been complied with or performed and the said certificate of a senior officer of Greenflame to this effect will have been delivered to the Purchaser;
- (e) the representations and warranties of the Vendors set forth in this Agreement will have been true and correct in all material respects as of the date hereof and will be true and correct in all material respects as of the Closing Time and delivery by each Vendor of the documents described in Section 5.04 required to be delivered by such Vendor will constitute a reaffirmation and confirmation by such Vendor of such representations and warranties;
- (f) all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Vendors at or before the Closing Time will have been complied with or performed and delivery of the documents described in Section 5.04 will constitute confirmation of such compliance and performance;
- (g) all consents, assignments, waivers, permits, orders and approvals of all Governmental Authorities or other persons necessary to permit the completion of the Transaction will have been obtained;
- (h) there will not have been after the date of this Agreement any Material Adverse Effect with respect to Greenflame;
- (i) there will not have been any action commenced or contemplated under the *Family Law Act (British Columbia)* or *Divorce Act* by any of the Vendors or their spouses;
- (j) there will be no other liabilities, financial or otherwise, with respect to Greenflame that have not been disclosed herein;
- (k) there will be no action taken under any applicable law by any court or Governmental Authority that makes it illegal or restrains, enjoins or prohibits the Transaction, results in a judgment or assessment of damages relating to the Transaction that is materially adverse



to the Purchaser or the Greenflame Group or that could reasonably be expected to impose any condition or restriction upon the Purchaser or the Greenflame Group which, after giving effect to the Transaction, would so materially and adversely impact the economic or business benefits of the Transaction as to render inadvisable the consummation of the Transaction; and

- (l) there will be no legislation (whether by statute, regulation, order-in-council, notice of ways and means motion, by-law or otherwise) enacted, introduced or tabled which, in the opinion of the Purchaser, acting reasonably, adversely affects or may adversely affect the Transaction.

The foregoing conditions precedent are for the benefit of the Purchaser and may be waived by the Purchaser, in whole or in part, without prejudice to the Purchaser's right to rely on any other condition in favour of the Purchaser.

#### **4.02 Conditions of Closing in Favour of Greenflame and the Vendors**

The obligations of Greenflame and the Vendors to complete the Transaction are subject to the fulfillment of the following conditions on or before the Closing Time:

- (a) the Purchaser will have tendered all closing deliveries set forth in Section 5.02 including evidence of the issuance of the Consideration Shares;
- (b) the CSE will not have commented or objected to the Transaction within 5 business days of public announcement of the Transaction, or if the CSE has so commented or objected during such period, all such comments or objections shall have been addressed to the satisfaction of the CSE on or prior to the Outside Date;
- (c) all consents, waivers, permits, orders and approvals of all Governmental Authorities or other persons, including, if applicable, all those party to the Material Contracts of Greenflame necessary to permit the completion of the Transaction will have been obtained;
- (d) the representations and warranties of the Purchaser set forth in this Agreement will have been true and correct as of the date hereof and will be true and correct at the Closing Time in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier), except as affected by the transactions contemplated by this Agreement, and a certificate of a senior officer of the Purchaser to this effect in the form attached as Schedule "C" to this Agreement will have been delivered to the Vendors and Greenflame;
- (e) all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser at or before the Closing Time will have been complied with or performed and the said certificate of a senior officer of the Purchaser to this effect will have been delivered to the Vendors and Greenflame;
- (f) all consents, assignments, waivers, permits, orders and approvals of all Governmental Authorities or other persons necessary to permit the completion of the Transaction will have been obtained;

- (g) there will not have been after the date of this Agreement any Material Adverse Effect with respect to the Purchaser;
- (h) there will be no action taken under any applicable law by any court or Governmental Authority that makes it illegal or restrains, enjoins or prohibits the Transaction, results in a judgment or assessment of damages relating to the Transaction that is materially adverse to the Purchaser or the Greenflame Group or that could reasonably be expected to impose any condition or restriction upon the Purchaser or the Greenflame Group which, after giving effect to the Transaction, would so materially and adversely impact the economic or business benefits of the Transaction as to render inadvisable the consummation of the Transaction; and
- (i) there will be no legislation (whether by statute, regulation, order-in-council, notice of ways and means motion, by-law or otherwise) enacted, introduced or tabled which, in the opinion of Greenflame, acting reasonably, adversely affects or may adversely affect the Transaction.

The foregoing conditions precedent are for the benefit of Greenflame and the Vendors and may be waived by Greenflame (on its own behalf and on behalf of the Vendors) and the Vendors, in whole or in part, without prejudice to Greenflame's and the Vendors' right to rely on any other condition in favour of Greenflame and the Vendors.

#### **4.03 Notice and Cure Provisions**

Each party will give prompt notice to the other parties hereto of the occurrence, or failure to occur, at any time from the date hereof until the Closing Date, of any event or state of facts which occurrence or failure would or would be likely to:

- (a) cause any of the representations or warranties of such party contained herein to be untrue or inaccurate on the date hereof or at the Closing Date; or
- (b) result in the failure by such party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such party hereunder prior to the Closing Date.

Subject to this Section, no party may elect not to complete the Transaction as contemplated herein as a result of the non-fulfillment of the conditions precedent contained in Sections 4.01 or 4.02, as applicable, unless the party intending to rely thereon has delivered a written notice to the other parties hereto prior to the Closing Time specifying, in reasonable detail, all breaches of representations and warranties or covenants or other matters which the party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition precedent.

## **ARTICLE V CLOSING AND POST CLOSING ARRANGEMENTS**

### **5.01 Time and Place of Closing**

Closing of the Transaction will take place at the Closing Time at the offices of counsel for the Purchaser.

### **5.02 Closing Deliveries of the Purchaser**

At the Closing Time, the Purchaser will deliver or cause to be delivered:

- (a) evidence that the Consideration Shares have been issued and registered as directed by the Vendors (or by Greenflame on behalf of the Vendors);
- (b) a certificate of one of the Purchaser's senior officers, dated as of the Closing Date, certifying all resolutions of the board of directors of the Purchaser approving the entering into of this Agreement and all ancillary agreements contemplated herein and the completion of the Transaction, including the issuance of the Consideration Shares;
- (c) the officer's certificates referred to in Sections 4.02(d) and 4.02(e);
- (d) if required, evidence of the conditional approval of the CSE for the completion of the Transaction;
- (e) a certificate of status for the Purchaser; and
- (f) any additional closing documents required for transactions of this nature.

### **5.03 Closing Deliveries of Greenflame**

At the Closing Time, Greenflame will deliver or cause to be delivered:

- (a) a certificate of one of Greenflame's senior officers, dated as of the Closing Date, certifying all resolutions of the board of directors of Greenflame approving the entering into of this Agreement and the completion of the Transaction;
- (b) the officer's certificates referred to in Sections 4.01(c) and 4.01(d);
- (c) resignations of all of the directors and officers of Greenflame, and resolutions of the board of directors of Greenflame appointing the Purchaser's nominees to the board of directors of Greenflame, in accordance with Section 3.01;
- (d) a certificate of status for Greenflame; and
- (e) any additional closing documents the Purchaser may reasonably request for transactions of this nature.

### **5.04 Closing Deliveries of the Vendors**

At the Closing Time, each Vendor will cause to be delivered:

- (a) share certificates evidencing the Purchased Shares together with duly executed stock powers of attorney required to transfer the Purchased Shares to the Purchaser; and
- (b) all such other documents as may be required in order to validly transfer the Vendor's Purchased Shares to the Purchaser.

**ARTICLE VI  
REPRESENTATIONS AND WARRANTIES**

**6.01 Representations and Warranties of the Purchaser**

The Purchaser represents and warrants to and in favour of each of the Vendors and Greenflame as follows and acknowledges that such parties are relying upon such representations and warranties in connection with the transactions contemplated herein:

- (a) the Purchaser is a corporation validly existing and in good standing under the laws of its jurisdiction of incorporation and is duly registered, licensed or qualified to carry on business under the laws of the jurisdictions in which the nature of its business makes such registration, licensing or qualification necessary;
- (b) the Purchaser has the corporate power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder, to own and lease its property, and to carry on its business as now being conducted;
- (c) the execution and delivery of this Agreement has been authorized by all necessary corporate actions of the Purchaser and this Agreement constitutes a valid and binding obligation of the Purchaser, and is enforceable against it in accordance with its terms subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought;
- (d) the execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the constating documents of the Purchaser or of any resolutions of the directors or shareholders of the Purchaser, (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an Encumbrance upon any material agreement (including any Material Contract of the Purchaser), licence or permit to which the Purchaser is a party or by which the Purchaser is bound or to which any material assets or property of the Purchaser is subject, or (iii) violate any provision of any applicable law or regulation or any judicial or administrative order, award, judgment or decree applicable to the Purchaser;
- (e) the authorized capital of the Purchaser consists of an unlimited number of Common Shares without par value, of which, as of the date hereof, 10,124,567 Common Shares are issued and outstanding as fully paid and non-assessable and, as of the Closing Date, but excluding the Common Shares issuable in the Transaction, there will be 10,124,567 Common Shares issued and outstanding plus such number of Common Shares that may be issuable in connection with the closing of the Purchaser's publicly announced financing as set out in its news release dated July 4, 2024;
- (f) when issued in accordance with the terms hereof, the Consideration Shares will be validly issued as fully paid and non-assessable Common Shares;
- (g) the Purchaser is in compliance with its timely and continuous disclosure obligations under the Securities Laws of the Provinces of British Columbia and Ontario and the policies of

the CSE in all material respects, and without limiting the generality of the foregoing, there has not occurred any “material change” (as defined under applicable securities legislation of the Provinces of British Columbia, and/or Ontario) which has not been publicly disclosed on a non-confidential basis and the statements collectively set forth in the Public Record are true, correct and complete in all material respects and, except as may have been corrected by subsequent disclosure, all the statements set forth in the Public Record were true, correct, and complete in all material respects and did not contain any misrepresentation as of the date of such statements and the Purchaser has not filed any confidential material change reports since the date of such statements which remains confidential as at the date hereof;

- (h) the audited financial statements of the Purchaser as at and for the fiscal years ended December 31, 2023 and 2022 (the “**Purchaser Financial Statements**”) have been prepared in accordance with International Financial Reporting Standards applied on a basis consistent with prior periods. The Purchaser Financial Statements are true, correct and complete and present fairly the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of the Purchaser as at the respective dates thereof and results of operations of the Purchaser for the respective periods then ended. Since December 31, 2023, there has been no material alteration in the manner of keeping the books, accounts or records of the Purchaser or in its accounting policies or practices;
- (i) no person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming an agreement, option, understanding or commitment for the purchase from the Purchaser of any of its assets or property;
- (j) other than any deficiencies would not reasonably be likely to have a Material Adverse Effect on the Purchaser, the Corporate Records of the Purchaser are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all applicable laws and with the constating documents of the Purchaser, and without limiting the generality of the foregoing: (i) the minute books contain complete and accurate minutes of all meetings of the directors (and any committee thereof) and shareholders of the Purchaser; (ii) such minute books contain all written resolutions passed by the directors (and any committee thereof) and shareholders of the Purchaser; (iii) the share certificate books, if any, the share register of the Purchaser are complete and accurate, and all transfers of shares of the Purchaser reflected therein have been duly completed and approved; and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers of the Purchaser were duly elected or appointed as the case may be.
- (k) all Books and Records of the Purchaser have been fully, properly and accurately kept and, where required, completed in accordance with generally accepted accounting principles, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein;
- (l) no director, officer, employee or consultant of the Purchaser is party to a change of control, severance, termination, golden parachute or similar agreement or provision or would or may receive payments under such an agreement or provision as a result of the Transaction; and
- (m) to the knowledge of the Purchaser, no representation or warranty of the Purchaser contained in this Agreement contains any untrue statement of a material fact or omits to

state a material fact necessary in order to make the statements contained herein or therein not misleading.

## **6.02 Representations and Warranties of the Vendors**

Each of the Vendors, on its own behalf and not on behalf of any other Vendor, hereby severally (and, for greater certainty, not jointly with any other Vendor) represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on such representations and warranties in connection with the transactions contemplated herein:

- (a) the Vendor is the registered and beneficial holder of that number of shares of Greenflame set forth beside such Vendor's name in Column III of Schedule "A" (such shares comprising part of the Purchased Shares), with good and marketable title thereto, free and clear of all liens, mortgages, security interests, pledges, demands, claims and other Encumbrances of any nature whatsoever and, the Vendor has no rights or options to receive or acquire additional shares of Greenflame. No Person other than the Purchaser has, or has any right capable of becoming, any agreement, option, right or privilege for the purchase or other acquisition from the Greenflame Vendor of any of such Purchased Shares. There are no restrictions of any kind on the transfer of the Vendor's Purchased Shares except those set out the constating documents of Greenflame and applicable laws;
- (b) the Vendor has good right, full power and absolute authority to assign, sell and transfer its Purchased Shares in accordance with the terms of this Agreement, free and clear of all liens, mortgages, security interests, pledges, demands, claims and other Encumbrances of any nature whatsoever;
- (c) the Vendor has all necessary power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by the Vendor as contemplated by this Agreement and to carry out the obligations thereof under this Agreement and such other agreements and instruments;
- (d) if the Vendor is a corporation, the execution and delivery of this Agreement has been authorized by all necessary corporate action of the Vendor and this Agreement constitutes a valid and binding obligation of the Vendor, and is enforceable against it in accordance with its terms subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought;
- (e) no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over the Vendor is required to be obtained by the Vendor in connection with the execution and delivery of this Agreement or the consummation of the Transaction, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent the Vendor from performing its obligations under this Agreement;
- (f) the Vendor is resident at the address set forth opposite the Vendor's name in Schedule "A";

- (g) the Vendor has not authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement; and
- (h) to the knowledge of the Vendor, no representation or warranty of the Vendor contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

### **6.03 Representations and Warranties of Greenflame**

Greenflame and each of the Vendors, on its own behalf and not on behalf of any other Vendor, hereby severally (and, for greater certainty, not jointly with any other Vendor) represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on such representations and warranties in connection with the transactions contemplated herein:

- (a) Greenflame is a corporation validly existing and in good standing under the laws of its jurisdiction of incorporation and is duly registered, licensed or qualified to carry on business under the laws of the jurisdictions in which the nature of its business makes such registration, licensing or qualification necessary;
- (b) Greenflame has the corporate power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder, to own and lease its property, and to carry on its business as now being conducted;
- (c) Greenflame has no subsidiaries;
- (d) Greenflame has all material licenses and permits required to own or lease its property and assets and to carry on its business as conducted as of the date hereof, except where failure to hold such licenses or permits individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect on Greenflame;
- (e) none of the Purchased Shares are subject to escrow restrictions, pooling arrangements, voting trusts or unanimous shareholders agreements, whether voluntary or otherwise, other than as disclosed herein;
- (f) the execution and delivery of this Agreement has been authorized by all necessary corporate actions of Greenflame and this Agreement constitutes a valid and binding obligation of Greenflame, and is enforceable against it in accordance with its terms subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought;
- (g) the execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the articles or notice of articles of Greenflame or of any resolutions of the directors or shareholders of Greenflame, (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an Encumbrance upon any material agreement (including any Greenflame Material Contract), license or permit to which Greenflame is a party or by which Greenflame is bound or to which any material assets or property of Greenflame is subject,

- or (iii) violate any provision of any applicable law or regulation or any judicial or administrative order, award, judgment or decree applicable to Greenflame;
- (h) the authorized capital of Greenflame consists of an unlimited number of common shares, of which, as of the date of this Agreement, 2,250,000 are issued and outstanding as fully paid and non-assessable, and Schedule "A" is a true and correct list of the current shareholders of Greenflame;
  - (i) other than as set out herein, there are no other shares of Greenflame or securities convertible, exercisable or exchangeable into shares of Greenflame issued or outstanding;
  - (j) other than as otherwise set out herein, no has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, options, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any unissued shares or other securities of Greenflame;
  - (k) Greenflame has no knowledge of any reasonably likely circumstances pursuant to which the announcement or pendency of this Agreement or the Transaction or any change, effect, event or occurrence contemplated by the terms of this Agreement would have a Material Adverse Effect on Greenflame;
  - (l) Greenflame does not own, and has not at any time owned, and does not have any agreements of any nature to acquire, directly or indirectly, any shares in the capital of or other equity or proprietary interests in any person, and Greenflame does not have any agreements to acquire or lease any material assets or properties or any other business operations;
  - (m) there are no related-party transactions or off-balance sheet structures or transactions with respect to Greenflame;
  - (n) no amounts are owing by Greenflame to any Vendors;
  - (o) Greenflame is not a party to, or bound by, any agreement of guarantee, indemnification, assumption or endorsement or any like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;
  - (p) since incorporation, there has been no material adverse change in the condition (financial or otherwise), assets, liabilities, operations, earnings or business of the Greenflame Group;
  - (q) Greenflame has conducted and is conducting its business in compliance in all material respects with all applicable laws, regulations, by-laws, ordinances, regulations, rules, judgments, decrees and orders of each jurisdiction in which its business is carried on, other than any non-compliance that individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect on the Greenflame Group;
  - (r) There are no Contracts of Greenflame;
  - (s) there are no waivers, consents, notices or approvals required to be given or obtained by Greenflame in connection with the Transaction and the other transactions contemplated by this Agreement under any Contract to which the Greenflame is a party;



- (t) no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over Greenflame is required to be obtained by the Greenflame in connection with the execution and delivery of this Agreement or the consummation of the Transaction, including, without limitation, the issuance of the Consideration Shares, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay Greenflame from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on Greenflame;
- (u) there is no suit, action or proceeding or, to the knowledge of Greenflame, pending or threatened against the Greenflame Group that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on Greenflame, and there is no judgment, decree, injunction, rule or order of any Governmental Authority outstanding against Greenflame causing, or which could reasonably be expected to cause, a Material Adverse Effect on Greenflame;
- (v) there is no bankruptcy, liquidation, winding-up or other similar proceedings pending or in progress or, to the knowledge of Greenflame, threatened against Greenflame before any court, regulatory or administrative agency or tribunal;
- (w) Greenflame has good and marketable title to its properties and assets, except for such defects in title that individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on Greenflame;
- (x) Greenflame has duly filed on a timely basis all tax returns required to be filed by it and has paid all taxes which are due and payable and has paid all assessments and reassessments, and all other taxes, governmental charges, penalties, interest and fines due and payable on or before the date hereof, and adequate provision has been made for taxes payable for the current period for which tax returns are not yet required to be filed. There are no actions, suits or claims asserted or assessed against Greenflame in respect of taxes, governmental charges or assessments, nor are any matters under discussion with any Governmental Authority relating to taxes, governmental charges or assessments asserted by such Governmental Authority. Greenflame has withheld from each payment made by it to any person and remitted to the proper tax and other receiving offices within the time required all income tax and other deductions required to be withheld from such payments;
- (y) Greenflame has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified Greenflame of such Governmental Authority's intention to commence or to conduct any investigation that could be reasonably likely to have a Material Adverse Effect on Greenflame;
- (z) other than any deficiencies would not reasonably be likely to have a Material Adverse Effect on Greenflame, the Corporate Records of Greenflame are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all applicable laws and with the constating documents of Greenflame, and without limiting the generality of the foregoing: (i) the minute books of Greenflame contain complete and accurate minutes of all meetings of the

directors and shareholders of Greenflame; (ii) such minute books contain all written resolutions passed by the directors and shareholders of Greenflame; (iii) the share certificate books, if any, securities register and register of transfers of Greenflame are complete and accurate, and all transfers of shares of the Greenflame have been duly completed and approved; (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers of Greenflame were duly elected or appointed as the case may be;

- (aa) there are no compensation arrangements between Greenflame and any of its current or past directors and officers and no amounts are owed directly or indirectly to such directors and officers;
- (bb) since incorporation, there have been no consultants or employees of Greenflame;
- (cc) all Books and Records of Greenflame have been fully, properly and accurately kept and, where required, completed in accordance with generally accepted accounting principles, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein;
- (dd) no director, officer, employee or consultant of Greenflame is party to a change of control, severance, termination, golden parachute or similar agreement or provision or would or may receive payments under such an agreement or provision as a result of the Transaction;
- (ee) Greenflame has no debts or liabilities as at the date hereof and will not have any debts or liabilities as of the Closing Date; and
- (ff) to the knowledge of Greenflame, no representation or warranty of Greenflame contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

#### **6.04 Survival of Representations and Warranties**

The representations and warranties made by the parties and contained in this Agreement or any document or certificate given pursuant hereto will survive the Closing of the Transaction until the date that is 24 months from the Closing Date. No claim for breach of any representation, warranty or covenant will be valid unless that party against whom such claim is made has been given notice thereof before the expiry of such 24-month period.

### **ARTICLE VII COVENANTS**

#### **7.01 Mutual Covenants**

Each of the parties hereby covenants and agrees as follows:

- (a) to use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder which are reasonably under its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under applicable laws and regulations to complete the Transaction in accordance with the terms of this Agreement. Without limiting the

generality of the foregoing, in the event that any person, including without limitation, any securities regulatory authority, seeks to prevent, delay or hinder implementation of all or any portion of the Transaction or seeks to invalidate all or any portion of this Agreement, each of the parties will use commercially reasonable efforts to resist such proceedings and to lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affecting the ability of the parties to complete the Transaction;

- (b) to use commercially reasonable efforts to obtain, before the Closing Time, all authorizations, waivers, exemptions, consents, orders and other approvals from domestic or foreign courts, Governmental Authorities, shareholders and third parties as are necessary for the consummation of the transactions contemplated herein;
- (c) to use commercially reasonable efforts to defend or cause to be defended any lawsuits or other legal proceedings brought against it challenging this Agreement or the completion of the Transaction; No party will settle or compromise any claim brought against them in connection with the transactions contemplated by this Agreement prior to the Closing Date without the prior written consent of each of the others, such consent not to be unreasonably withheld or delayed;
- (d) to promptly notify each of the other parties if any representation or warranty made by it in this Agreement ceases to be true and correct in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier) and of any failure to comply in any material respect with any of its obligations under this Agreement;
- (e) to co-operate with each of the other parties hereto in good faith in order to ensure the timely completion of the Transaction; and
- (f) to use commercially reasonable efforts to co-operate with each of the other parties hereto in connection with the performance by the other of its obligations under this Agreement.

## **7.02 Covenants of the Purchaser**

The Purchaser covenants and agrees with each of the Vendors and Greenflame that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Section 7.06 it will:

- (a) in a timely and expeditious manner, and if applicable:
  - (i) if required, use commercially reasonable efforts to obtain the approval of the shareholders of the Purchaser of all matters required to be approved in connection with the Transaction;
  - (ii) file and/or deliver any document or documents as may be required in order for the Transaction as contemplated herein to be effective; and
  - (iii) file and/or deliver any document or documents required pursuant to applicable laws and/or the rules and policies of the CSE in connection with the Transaction as contemplated herein after the Closing;

- (b) make application to the CSE and diligently pursue the approval of the Transaction (including the obligation of the Purchaser to issue the Consideration Shares) and the listing of the Common Shares on the CSE (including the Consideration Shares);
- (c) to make available and afford Greenflame and its authorized representatives and, if requested by the Purchaser, provide a copy of all title documents, contracts, financial statements, minute books, share certificate books, if any, share registers, plans, reports, licences, orders, permits, books of account, accounting records, constating documents and all other documents, information and data relating to the Purchaser. The Purchaser will afford Greenflame and its authorized representatives every reasonable opportunity to have free and unrestricted access to the Purchaser's property, assets, undertaking, records and documents. At the request of the Greenflame, the Purchaser will execute or cause to be executed such consents, authorizations and directions as may be necessary to permit any inspection of the Purchaser's business and any of its property or to enable Greenflame or its authorized representatives to obtain full access to all files and records relating to any of the assets of the Purchaser maintained by governmental or other public authorities. The obligations in this Section 7.02(c) are subject to any access or disclosure contemplated herein not being otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained, provided that in such circumstance the Purchaser will be required to disclose that information has been withheld on this basis. The exercise of any rights of inspection by or on behalf of Greenflame under this Section 7.02(c) will not mitigate or otherwise affect the representations and warranties of the Purchaser hereunder;
- (d) except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance the Purchaser will be required to disclose that information has been withheld on this basis), furnish promptly to Greenflame (on behalf of the Vendors) a copy of each notice, report, schedule or other document or communication delivered, filed or received by the Purchaser in connection with or related to the Transaction, any filings under applicable laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein;
- (e) subject to applicable laws, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (f) conduct and operate its business and affairs only in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other persons and, for greater certainty, it will not enter into any material transaction out of the ordinary course of business consistent with past practice without the prior consent of Greenflame, and the Purchaser will keep Greenflame fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver could not be obtained;
- (g) except as may be necessary or desirable in order to effect the Transaction as contemplated hereunder, not alter or amend its constating documents as the same exist at the date of this Agreement;

- (h) not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement, and without limiting the generality of the foregoing, it will not:
  - (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its shareholders;
  - (ii) increase or decrease its paid-up capital or purchase or redeem any shares; or
  - (iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire, any such shares;
- (i) take all necessary corporate action and proceedings to approve and authorize the issuance of the Consideration Shares;
- (j) prepare and file with all applicable securities commissions such notifications and fees necessary to permit, or that are required in connection with, the issuance of the Consideration Shares, in each case, on a basis exempt from the prospectus requirements of the applicable Securities Laws; and
- (k) use its commercially reasonable efforts to maintain its status as a “reporting issuer” (as defined under applicable securities legislation), not in default of the Securities Laws of the Provinces of British Columbia and Ontario.

### **7.03 Covenants of Greenflame**

Greenflame covenants and agrees with the Purchaser that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Section 7.06 it will:

- (a) deliver such documents as may be required by applicable corporate and Securities Laws or the policies of the CSE in connection with the Transaction, including any personal information forms or other documents required by the CSE;
- (b) prepare and deliver to the Vendors such Disclosure Document as may be required by applicable laws in connection with the issuance of the Consideration Shares to the Vendors;
- (c) to make available and afford the Purchaser and its authorized representatives and, if requested by the Purchaser, provide a copy of all title documents, contracts, financial statements, minute books, share certificate books, if any, share registers, plans, reports, licences, orders, permits, books of account, accounting records, constating documents and all other documents, information and data relating to Greenflame. Greenflame will afford the Purchaser and its authorized representatives every reasonable opportunity to have free and unrestricted access to Greenflame’s property, assets, undertaking, records and documents. At the request of the Purchaser, Greenflame will execute or cause to be executed such consents, authorizations and directions as may be necessary to permit any inspection of Greenflame’s business and any of its property or to enable the Purchaser or

its authorized representatives to obtain full access to all files and records relating to any of the assets of Greenflame maintained by governmental or other public authorities. The obligations in this Section 7.03(c) are subject to any access or disclosure contemplated herein not being otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained, provided that in such circumstance Greenflame will be required to disclose that information has been withheld on this basis. The exercise of any rights of inspection by or on behalf of Purchaser under this Section 7.03(c) will not mitigate or otherwise affect the representations and warranties of Greenflame hereunder;

- (d) except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance Greenflame will be required to disclose that information has been withheld on this basis), furnish promptly to the Purchaser a copy of each notice, report, schedule or other document or communication delivered, filed or received by Greenflame in connection with or related to the Transaction, any filings under applicable laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein;
- (e) subject to applicable laws, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (f) conduct and operate its business and affairs only in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other persons and, for greater certainty, it will not enter into any material transaction out of the ordinary course of business consistent with past practice without the prior consent of the Purchaser, and Greenflame will keep the Purchaser fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver could not be obtained;
- (g) except as may be necessary or desirable in order to effect the Transaction as contemplated hereunder, not alter or amend its articles or by-laws as the same exist at the date of this Agreement;
- (h) not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement, and without limiting the generality of the foregoing, it will not:
  - (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its shareholders;
  - (ii) increase or decrease its paid-up capital or purchase or redeem any shares; or

- (iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire any such shares;
- (i) take all necessary corporate action and proceedings to approve and authorize the Transaction; and
- (j) provide evidence reasonably satisfactory to the Purchaser of shareholder and creditor approval of the transfer of assets from 1225773 B.C. Ltd. to Greenflame in accordance with applicable laws, including certified copies of authorizing directors' and shareholders' resolutions.

#### **7.04 Covenants of the Vendors**

Each of the Vendors covenants and agrees with the other parties hereto that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Section 7.06 it will:

- (a) deliver such documents as may be required by applicable corporate and Securities Laws or the policies of the CSE in connection with the Transaction, including any personal information form or other documents required by the CSE;
- (b) except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance the Vendor will be required to disclose that information has been withheld on this basis), furnish promptly to the Purchaser a copy of each notice, report, schedule or other document or communication delivered, filed or received by such Vendor in connection with or related to the Transaction, any filings under applicable laws and any dealings with any Governmental Authority in connection with or in any way affecting, the Transaction as contemplated herein;
- (c) subject to applicable laws, not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (d) not encumber in any manner the Purchased Shares and ensure that at the Closing Time the Purchased Shares are free and clear of all liens, charges, mortgages, security interests, pledges, demands, claims and other Encumbrances whatsoever; and
- (e) provide evidence reasonably satisfactory to the Purchaser of shareholder and creditor approval of the transfer of assets from 1225773 B.C. Ltd. to Greenflame in accordance with applicable laws, including certified copies of authorizing directors' and shareholders' resolutions.

#### **7.05 Post-Closing Covenants of the Vendors**

Each of the Vendors covenants and agrees with the other parties hereto that after Closing it will not act in concert with any other person or persons by virtue of an agreement, arrangement, commitment or understanding to affect materially the control of the Purchaser or act as a control person, as defined in Securities Laws or policies of the CSE, of the Purchaser.

## TERMINATION

### 7.06 Termination

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

- (a) by mutual written consent of Greenflame and the Purchaser;
- (b) by either Greenflame or the Purchaser if the Closing will not have been consummated on or prior to the Outside Date, without liability to the terminating party on account of such termination; provided that the right to terminate this Agreement pursuant to this Section 7.06(b) will not be available to a party whose breach or violation of any representation, warranty, covenant, obligation or agreement under this Agreement has been the cause of or has resulted in the failure of the Closing to occur on or before such date;
- (c) by the Purchaser, if there has been a material breach by Greenflame of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in Section 4.01 which Greenflame fails to cure within ten Business Days after written notice thereof is given by the Purchaser;
- (d) by Greenflame if there has been a material breach by the Purchaser of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in Section 4.02 which the Purchaser fails to cure within ten Business Days after written notice thereof is given by Greenflame; and
- (e) by any party, if any permanent injunction or other order of a court or other competent authority preventing the Closing will have become final and non-appealable; provided, however, that no party will be entitled to terminate this Agreement if such party's material breach of this Agreement or any of the documents contemplated hereby has resulted in such permanent injunction or order

### 7.07 Effect of Termination

Upon termination of this Agreement in accordance with the terms hereof, the parties hereto will have no further obligations under this Agreement, other than the obligations contained in Section 9.07.

## ARTICLE VIII INDEMNIFICATION

### 8.01 Indemnification by the Purchaser

Subject to Section 6.04, the Purchaser will indemnify and save the Vendors and Greenflame harmless for and from:

- (a) any loss, damages or deficiencies suffered by the Vendors or Greenflame as a result of any breach of representation, warranty or covenant on the part of the Purchaser contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement; and



- (b) all claims, demands, costs and expenses, including legal fees, in respect of the foregoing.

#### **8.02 Indemnification by Greenflame**

Subject to Section 6.04, Greenflame will indemnify and save the Purchaser harmless for and from:

- (a) any loss, damages or deficiencies suffered by the Purchaser as a result of any breach of representation, warranty or covenant on the part of Greenflame contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement; and
- (b) all claims, demands, costs and expenses, including legal fees, in respect of the foregoing.

#### **8.03 Indemnification by Vendors**

Subject to Section 6.04, each of the Vendors, on its own behalf, and not on behalf of any other Vendor, severally (and for greater certainty, not jointly with any other Vendor) will indemnify and save the Purchaser harmless for and from:

- (a) any loss, damages or deficiencies suffered by the Purchaser as a result of any breach by such Vendor of any representation, warranty or covenant on the part of such Vendor contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement; and
- (b) all claims, demands, costs and expenses, including legal fees, in respect of the foregoing.

#### **8.04 Notice of Claim**

A party entitled to and seeking indemnification pursuant to the terms of this Agreement (the “**Indemnified Party**”) will promptly give written notice to the party or parties, as applicable, responsible for indemnifying the Indemnified Party (the “**Indemnifying Party**”) of any claim for indemnification pursuant to Sections 8.01, 8.02, or 8.03 (a “**Claim**”, which term will include more than one Claim). Such notice will specify whether the Claim arises as a result of a claim by a person against the Indemnified Party (a “**Third Party Claim**”) or whether the Claim does not so arise (a “**Direct Claim**”), and will also specify with reasonable particularity (to the extent that the information is available):

- (a) the factual basis for the Claim; and
- (b) the amount of the Claim, or, if any amount is not then determinable, an approximate and reasonable estimate of the likely amount of the Claim.

#### **8.05 Procedure for Indemnification**

- (a) Direct Claims. With respect to Direct Claims, following receipt of notice from the Indemnified Party of a Claim, the Indemnifying Party will have 30 days to make such investigation of the Claim as the Indemnifying Party considers necessary or desirable. For the purpose of such investigation, the Indemnified Party will make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim. If the Indemnified Party and the Indemnifying Party agree at or prior to the expiration of such 30 day period (or any mutually agreed upon extension thereof) to the

validity and amount of such Claim, the Indemnifying Party will immediately pay to the Indemnified Party the full agreed upon amount of the Claim.

- (b) Third Party Claims. With respect to any Third Party Claim, the Indemnifying Party will have the right, at its own expense, to participate in or assume control of the negotiation, settlement or defence of such Third Party Claim and, in such event, the Indemnifying Party will reimburse the Indemnified Party for all the Indemnified Party's out-of-pocket expenses incurred as a result of such participation or assumption. If the Indemnifying Party elects to assume such control, the Indemnified Party will cooperate with the Indemnifying Party, will have the right to participate in the negotiation, settlement or defence of such Third Party Claim at its own expense and will have the right to disagree on reasonable grounds with the selection and retention of counsel, in which case counsel satisfactory to the Indemnifying Party and the Indemnified Party will be retained by the Indemnifying Party. If the Indemnifying Party, having elected to assume such control, thereafter fails to defend any such Third Party Claim within a reasonable time, the Indemnified Party will be entitled to assume such control and the Indemnifying Party will be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim.

#### **8.06 General Indemnification Rules**

The obligations of the Indemnifying Party to indemnify the Indemnified Party in respect of Claims will also be subject to the following:

- (a) without limiting the generality of Sections 8.01, 8.02, or 8.03, any Claim for breach of any representation, warranty or covenant will be subject to Section 6.04;
- (b) the Indemnifying Party's obligation to indemnify the Indemnified Party will only apply to the extent that the Claims in respect of which the Indemnifying Party has given an indemnity, in the aggregate, exceed \$2,500;
- (c) notwithstanding anything to the contrary in this Agreement, the aggregate liability of an Indemnifying Party which is a Vendor to any and all Indemnified Parties under this Agreement will be limited to the value of the Consideration Shares as set out in such Vendor received;
- (d) notwithstanding anything to the contrary in this Agreement, the aggregate liability of Greenflame or the Purchaser to any and all Indemnified Parties under this Agreement will be limited to the value of the Consideration Shares issuable under this Agreement;
- (e) if any Third Party Claim is of a nature such that the Indemnified Party is required by applicable law to make a payment to any person (a "**Third Party**") with respect to such Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnified Party may make such payment and thereafter seek reimbursement from the Indemnifying Party for any such payment. If any Indemnifying Party pays, or reimburses an Indemnified Party in respect of any Third Party Claim before completion of settlement negotiations or related legal proceedings, and the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party, the Indemnified Party will, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party;

- (f) except in the circumstance contemplated by Section 8.06(e), and whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnified Party will not negotiate, settle, compromise or pay any Third Party Claim except with the prior written consent of the Indemnifying Party (which consent will not be unreasonably withheld);
- (g) the Indemnified Party will not permit any right of appeal in respect of any Third Party Claim to terminate without giving the Indemnifying Party notice and an opportunity to contest such Third Party Claim;
- (h) the Indemnified Party and the Indemnifying Party will cooperate fully with each other with respect to Third Party Claims and will keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available); and
- (i) the provisions of this Article VIII will constitute the sole remedy available to a Party against another Party with respect to any and all breaches of any agreement, covenant, representation or warranty made by such other Party in this Agreement.

## ARTICLE IX GENERAL

### 9.01 Power of Attorney

Each of the Vendors hereby severally and irrevocably appoints Greenflame and each of the officers and directors of Greenflame as its agent and attorney to take any action that is required under the Agreement or to execute and deliver any documents on their behalf, including without limitation, for the purposes of all Closing matters (including without limitation, the receipt of certificates representing the Consideration Shares) and deliveries of documents and do and cause to be done all such acts and things as may be necessary or desirable in connection with the closing matters for the Transaction. Without limiting the generality of the foregoing, Greenflame may, on its own behalf and on behalf of the Vendors, extend the Closing Time, modify or waive any conditions as are contemplated herein, negotiate, settle and deliver the final forms of any documents that are necessary or desirable to give effect to the Transaction (other than the Escrow Agreement), extend such time periods as may be contemplated herein or terminate this Agreement, in its absolute discretion, as it deems appropriate. Each of the Vendors hereby acknowledges and agrees that any decision or exercise of discretion made by Greenflame under this Agreement, will be final and binding upon the Vendors so long as such decision or exercise was made in good faith. The Purchaser will have no duty to enquire into the validity of any document executed or other action taken by Greenflame on behalf of the Vendors pursuant to this section.

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement (each, a “**notice**”) will be in writing addressed as follows:

- (a) if to the Purchaser:  
PO Box 33957 Vancouver D CSC  
Vancouver, BC  
V6J 4L7

Attention: Marcello Leone  
E-mail: [REDACTED]

CW25600785.7

(b) if to Greenflame or the Vendors:  
David Robinson

[REDACTED]

Attention: David Robinson

E-mail: [REDACTED]

or such other address as may be designated by notice given by either the Purchaser or Greenflame in accordance with this Section 9.02. Each notice will be personally delivered to the addressee or sent by e-mail to the addressee and a notice which is personally delivered or sent by email will, if delivered or sent prior to 4:00 p.m. (local time of the recipient) on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the next Business Day. Any notice delivered to Greenflame in accordance with this Section 9.02 prior to the Closing Time will be deemed to have been delivered to each of the Vendors. The previous sentence of this Section 9.02 will not apply to a notice given as contemplated in Section 4.03 of the occurrence, or failure to occur, of any event or state of facts which would or would likely to cause any of the representations or warranties of any Vendor to be untrue or inaccurate or result in the failure by any Vendor to comply with or satisfy any covenant, condition or agreement, which notice will not be deemed to have been received by such Vendor unless delivered to the address of such Vendor as reflected in the books of Greenflame (or after the Closing Time, the books of the Purchaser). Any Vendor may, from time to time, by notice given in accordance with this Section 9.02, designate or provide an address of such Vendor for notices to be given after the Closing Time.

#### **9.02 Assignment**

Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any party without the prior written consent of the other parties.

#### **9.03 Binding Effect**

This Agreement will be binding upon and will enure to the benefit of the Parties hereto and their respective heirs, successors and permitted assigns.

#### **9.04 Waiver**

No waiver of any provision of this Agreement will constitute a waiver of any other provision, nor will any waiver constitute a continuing waiver unless otherwise expressly provided.

#### **9.05 Governing Law**

This Agreement will be governed by and construed and interpreted in accordance with the laws of the Province of British Columbia and the federal laws applicable therein and is to be treated in all respects as a British Columbia contract.

#### **9.06 Expenses**

Each party to this Agreement will pay its own costs and expenses in connection with this Agreement and the Transaction.

CW25600785.7

### **9.07 No Personal Liability**

- (a) No director, officer, employee or agent of the Purchaser will have any personal liability whatsoever to Greenflame or the Vendors under this Agreement or any other document delivered in connection with the Transaction on behalf of the Purchaser.
- (b) No director, officer, employee or agent of Greenflame (in such capacity) will have any personal liability whatsoever to the Purchaser under this Agreement or any other document delivered in connection with the Transaction on behalf of Greenflame.

### **9.08 Time of Essence**

Time is of the essence of this Agreement and of each of its provisions.

### **9.09 Public Announcements**

Greenflame and the Purchaser will co-operate with the other in releasing information concerning this Agreement and the transactions contemplated herein, and will furnish to and discuss with the other drafts of all press and other releases prior to publication. No press release or other public announcement concerning the proposed transactions contemplated by this Agreement will be made by any party hereto without the prior consent of the other parties, such consent not to be unreasonably withheld or delayed; provided that nothing contained herein will prevent any party hereto at any time from furnishing any information to any Governmental Authority or to the public if so required by applicable law.

### **9.10 Further Assurances**

Each party will, upon request but without further consideration, from time to time promptly execute and deliver all further documents and take all further action necessary or appropriate to give effect to and perform the provisions and intent of this Agreement and to complete the transactions contemplated herein.

### **9.11 Entire Agreement**

This Agreement, together with the Confidentiality Agreement and the documents required to be delivered pursuant to this Agreement, constitute the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written, between the parties hereto with respect to the subject matter hereof. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained in this Agreement and any document delivered pursuant to this Agreement.

### **9.12 Amendments**

Except as expressly provided herein, no amendment of any provision of this Agreement will be binding on any party unless consented to in writing by such party.

### **9.13 Counterparts**

This Agreement may be executed and delivered in one or more counterparts and may be executed and delivered by facsimile or any other electronically communicated method, each of which when executed and delivered will be deemed an original and all of which counterparts together will be deemed to constitute one and the same instrument.

**9.14 Independent Legal Advice**

EACH VENDOR ACKNOWLEDGES, CONFIRMS AND AGREES THAT HE, SHE OR IT HAS HAD THE OPPORTUNITY TO SEEK AND WAS NOT PREVENTED OR DISCOURAGED BY ANY PARTY HERETO FROM SEEKING INDEPENDENT LEGAL ADVICE PRIOR TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT AND THAT, IN THE EVENT THAT ANY VENDOR DID NOT AVAIL HIMSELF/HERSELF/ITSELF WITH THAT OPPORTUNITY PRIOR TO SIGNING THIS AGREEMENT, SUCH VENDOR DID SO VOLUNTARILY WITHOUT ANY UNDUE PRESSURE AND AGREES THAT SUCH VENDOR'S FAILURE TO OBTAIN INDEPENDENT LEGAL ADVICE WILL NOT BE USED BY HIM/HER/IT AS A DEFENCE TO THE ENFORCEMENT OF HIS/HER/ITS OBLIGATIONS UNDER THIS AGREEMENT.

*[Signature page follows.]*

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto on the date first above written.

**BEVCANNA ENTERPRISES INC.**

**GREENFLAME DISTRIBUTION LTD.**

Per: "Signed"  
\_\_\_\_\_  
Name: Marcello Leone  
Title: CEO and Director

Per: "Signed"  
\_\_\_\_\_  
Name: David Robinson  
Title: Director

**VENDORS**

**1225773 B.C. LTD.**

Per: "Signed"  
\_\_\_\_\_  
Name: David Robinson  
Title: Authorized Signatory

"Signed"  
\_\_\_\_\_  
L.S.

"Signed"  
\_\_\_\_\_  
A.B.

"Signed"  
\_\_\_\_\_  
M.A.

**SCHEDULE "A"**  
**VENDORS, PURCHASED SHARES AND CONSIDERATION SHARES**

<b>I. Name of Vendor</b>	<b>II. Address and E-mail of Vendor</b>	<b>III. Number of Purchased Shares to be sold on Closing</b>	<b>IV. Number of Consideration Shares received on Closing</b>
1225773 B.C. Ltd.	#304 – 20338 65th Avenue Langley, BC V2Y 2X3 [REDACTED]	540,000	999,999
L.S.	[REDACTED] [REDACTED]	742,500	1,374,999
A.B.	[REDACTED] [REDACTED]	742,500	1,374,999
M.A.	[REDACTED] [REDACTED]	225,000	416,666
<b>Total:</b>		<b>2,250,000</b>	<b>4,166,663</b>



**SCHEDULE "B"**

Certificate of Senior Officer of Greenflame

(see 4.01 (d))

Pursuant to the Share Exchange Agreement made effective as of the 24<sup>th</sup> day of July, 2024 (the "**Agreement**") among the Purchaser, Greenflame and the Vendors, Greenflame confirms to the Purchaser that the representations and warranties of the Greenflame and the Vendors contained in the Agreement are true and correct in every respect as of the Closing Time on the Closing Date of the Agreement.

Dated this 24<sup>th</sup> day of July, 2024.

**GREENFLAME DISTRIBUTION LTD.**

Per:

"Signed"

---

Authorized Signatory

Name and Title: David Robinson, Director

**SCHEDULE "C"**

**Certificate of Senior Officer of the Purchaser**

**(see 4.02 (e))**

Pursuant to the Share Exchange Agreement made effective as of the 24<sup>th</sup> day of July, 2024 (the "**Agreement**") among the Purchaser, Greenflame and the Vendors, the Purchaser confirms to Greenflame and the Vendors that the representations and warranties of the Purchaser contained in the Agreement are true and correct in every respect as of the Closing Time on the Closing Date of the Agreement.

Dated this 24<sup>th</sup> day of July, 2024.

**BEVCANNA ENTERPRISES INC.**

Per:

"Signed"

---

Authorized Signatory

Name and Title: Marcello Leone, CEO & Director