

ASSET PURCHASE AGREEMENT

BETWEEN

ALPHA ESPORTS TECH INC.

AND

PARADISE CITY GAMES INC.

DATED DECEMBER 8, 2020

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is dated effective December 8, 2020 (the “**Effective Date**”), between Alpha Esports Tech Inc. (the “**Purchaser**”) and Paradise City Games Inc. (the “**Seller**”, and together with the Purchaser, the “**Parties**” and each a “**Party**”).

WHEREAS the Parties have agreed that the Purchaser shall purchase from the Seller the Purchased Assets (as hereinafter defined) upon the terms and subject to the conditions set forth herein.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions.

The meaning of certain words and terms used in this Agreement are set out in Schedule A of this Agreement.

Section 1.2 Interpretation.

In this Agreement, unless expressly stated otherwise:

(a) **Consent** – Whenever a provision of this Agreement requires Consent of a Party, and such Consent is not delivered within the applicable time limit, the Party whose Consent is required shall be conclusively deemed to have withheld same.

(b) **Currency** – Unless otherwise specified, all dollar amounts in this Agreement, including the symbol “\$”, refer to lawful currency of Canada.

(c) **Including** – Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”.

(d) **Headings** – Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.

(e) **Documents** – Reference to any agreement, document, or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with its terms, and includes all addenda, exhibits, or schedules thereto.

(f) **No Strict Construction** – The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

(g) **Number and Gender** – Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders.

(h) **Severability** – If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability, without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other Parties or circumstances.

(i) **Statutory References** – A reference to a statute includes all regulations and rules made pursuant to such statute and the provisions of any statute, regulation, or rule which amends, supplements or supersedes any such statute, regulation, or rule.

(j) **Recitals** – The recitals to this Agreement form an integral part hereof.

(k) **Time** – Time is of the essence in the performance of the Parties' respective obligations hereunder.

(l) **Time Periods** – Unless otherwise specified, (i) time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends, and by extending such period to the next Business Day following if the last day of the period is not a Business Day; and (ii) where any action is required to be taken on a particular day and such day is not a Business Day and, as a result, such action cannot be taken on such day, then this Agreement shall be deemed to provide that such action shall be taken on the first Business Day after such day.

Section 1.3 Governing Law and Submission to Jurisdiction.

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein, but excluding any such laws or choice of law rules that might direct the application of the laws of another jurisdiction. The Parties hereby irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts of the Province of British Columbia and elect domicile in the City of Vancouver, British Columbia with respect to any dispute arising out of or in connection with this Agreement, including disputes regarding its validity or interpretation and the exercise of any right or the enforcement of any obligation arising hereunder.

Section 1.4 Meaning of Knowledge.

"**knowledge of the Seller**", or any other similar knowledge qualification, shall mean to the best knowledge and belief of the Seller after reviewing all relevant records and making due inquiries regarding the relevant matter of all relevant officers, directors and employees of the Seller, including the relevant senior managers of the Business.

ARTICLE 2 PURCHASE AND SALE

Section 2.1 Purchased Assets. On the terms and subject to the conditions set forth herein, the Seller agrees to sell, transfer, convey, assign and deliver to the Purchaser, and the Purchaser agrees to purchase, acquire and accept from the Seller, all of the property and assets of the Seller (the "**Purchased Assets**"), including all of the Seller's right, title and interest in, to, and under (i) the Contracts described in Schedule B hereto (the "**Assigned Contracts**") and (ii) the Purchased IP described in Schedule D hereto, free and clear of any Encumbrances.

Section 2.2 No Excluded Assets.

The Purchased Assets shall not exclude any of the assets of the Seller, pursuant to which upon closing of the Transaction, none of the assets shall remain the property of the Seller.

Section 2.3 No Assumed Liabilities.

The Purchaser shall not assume any liabilities or obligations of the Seller of any kind, whether known or unknown, contingent, matured or otherwise, whether currently existing or hereinafter created.

Section 2.4 Purchase Price.

The purchase price payable by the Purchaser to the Seller for all of the Purchased Assets, exclusive of all applicable sales and transfer taxes, shall be \$1,575,000, (the "**Purchase Price**").

Section 2.5 Payment of the Purchase Price.

The Purchase Price shall be satisfied by the Purchaser on the Closing Date by the issuance of 4,500,000 common shares in the capital of the Purchaser (the "**Payment Shares**") to the Seller at a deemed price of \$0.35 per Payment Share (the "**Deemed Price**").

Section 2.6 Leak Out of Payment Shares

The Payment Shares shall be subject to a leak out restriction, whereby the Seller shall be not be able to sell or trade any of the Payment Shares, except as follows, and except, in all cases, subject to applicable securities laws:

- (a) 25% of the Payment Shares, three (3) months after the Closing Date;
- (b) 25% of the Payment Shares, six (6) months after the Closing Date;
- (c) 25% of the Payment Shares, nine (9) months after the Closing Date; and
- (d) the remaining 25% of the Payment Shares, twelve (12) months after the Closing Date.

Section 2.7 Finders' Fee.

In connection with the Transaction, the Purchaser shall issue an additional 800,000 common shares in the capital of the Purchaser (the "**Finders' Fee**") to Redacted. and Redacted. (the "**Finders**") as follows: (a) 500,000 common shares in the capital of the Purchaser to Redacted. at the Deemed Price and (b) 300,000 common shares in the capital of the Purchaser to Redacted. at the Deemed Price.

Section 2.8 Allocation of the Purchase Price.

The Purchase Price shall be allocated amongst the Purchased Assets as set forth in Schedule C. The Seller and the Purchaser shall report the purchase and sale of the Purchased Assets in any Tax Returns in manner entirely consistent with Schedule C and shall not take any position inconsistent therewith in the preparation of financial statements, the filing of any Tax Returns or in the course of any audit by any Governmental Authority, Tax review, or Tax proceeding relating to any Tax Returns.

Section 2.9 Taxes and Tax Elections

- (a) All sales, use, GST/HST value-added and similar transfer Taxes in connection with the transfer of the Purchased Assets, and all recording and filing fees (collectively, "**Transaction Taxes**"), that are imposed by reason of the sale, transfer, assignment and delivery of the Purchased Assets will be borne by the Purchaser. The Purchaser and the Seller will cooperate in a commercially reasonable manner to (a) determine the amount of Transaction Taxes payable in connection with the Transaction, (b) minimize Transfer Taxes; and (c) prepare and file any and all required Tax Returns for or with respect to such Transaction Taxes with any and all appropriate taxing Governmental Authorities.
- (b) If, under relevant Tax Law, the Seller is required to collect any applicable Transaction Taxes, then the Purchaser shall pay such amounts to the Seller, at the time of Closing, and the Seller shall cause those amounts to be remitted in the manner required by the relevant Tax Law.

- (c) At Closing, the Purchaser and the Seller will jointly elect under subsection 167(1) of the ETA and under any other equivalent or corresponding provisions of any applicable Tax Law, to have the purchase and sale of the Purchased Assets take place on a GST/HST-free basis under Part IX of the ETA. The Purchaser will file the elections in the manner and within the time prescribed by the relevant Tax Law. Notwithstanding anything to the contrary in this Agreement, the Purchaser will indemnify and hold the Seller harmless in respect of any GST/HST, penalties, interest and other amounts which may be assessed against any Seller as a result of the Transaction not being eligible for such elections or as a result of the Purchaser's failure to file the elections within the prescribed time.
- (d) To the extent permitted or required under subsection 228(4) of the ETA, the Purchaser will self-assess and remit directly to the appropriate Governmental Authority any GST/HST and any similar value added or multi-staged tax imposed by the relevant Tax Law payable in connection with the transfer of any real property. The Purchaser shall make and file a return(s) in accordance with the requirements of subsection 228(4) of the ETA and any equivalent or corresponding provision under any applicable Tax Law. Notwithstanding anything to the contrary in this Agreement, the Purchaser will indemnify and hold the Seller harmless in respect of any GST/HST, penalties, interest and other amounts which may be assessed against the Seller as a result of the Purchaser's failure to self-assess GST/HST in accordance with subsection 228(4) of the ETA.
- (e) The Purchaser and the Seller will jointly execute and file an election under section 22 of the ITA and under the equivalent or corresponding provisions of any applicable Tax Law, within the prescribed time limits, with respect to the sale of the Accounts Receivable, and will designate in such election an amount equal to the portion of the Purchase Price allocated to the Accounts Receivable pursuant to Section 2.8.
- (f) The Purchaser and the Seller, will, if applicable, jointly execute and file an election under subsection 20(24) of the ITA in the manner required by subsection 20(25) of the ITA and under the equivalent or corresponding provisions of any applicable Tax Law, in the prescribed forms and within the prescribed time limits, as to such amount paid by the Seller to the Purchaser for assuming future obligations. In this regard, the Purchaser and the Seller acknowledge that a portion of the Purchased Assets transferred by the Seller pursuant to this Agreement and having a value equal to the amount elected under subsection 20(24) of the ITA and the equivalent provisions of any applicable Tax Law, is being transferred by the Seller as a payment for the assumption of such future obligations by the Purchaser.
- (g) The Purchaser and the Seller will also execute such other Tax elections and forms as they may mutually agree upon.

Section 2.10 Assignment of Restricted Rights.

Nothing in this Agreement shall be construed as an assignment of, or an attempt to assign to the Purchaser, any Restricted Right (a) which, as a matter of law, or by its terms, (i) is not assignable, (ii) is not assignable without the Consent of the issuer thereof or other party or parties thereto, or (b) in respect of which the completion of the Transaction will increase the obligations or decrease the rights or entitlements of the Seller or the Purchaser relating to the Business, without first obtaining the Consent to such Restricted Right acceptable to the Purchaser.

If at Closing there are any Restricted Rights in respect of which necessary Consents have not been obtained, then the Purchaser may waive the closing condition under Section 8.1(e) with respect to such Restricted Rights and instead elect to have the Seller continue its efforts to obtain any necessary Consents with respect to such Restricted Rights.

If the Purchaser waives the condition in Section 8.1(e) and elects to have the Seller continue its efforts to obtain any necessary Consents and the Closing occurs, the Seller shall:

(a) apply for and use all reasonable efforts to obtain all Consents acceptable to the Purchaser. Nothing in this Section 2.10 shall require the Purchaser to make any payment to any other party in order to obtain such Consents as any such payments shall be for the Seller's account;

(b) enforce any rights of the Seller arising from such Restricted Right against the issuer thereof or the other party or parties thereto;

(c) at no time use any such Restricted Right for its own purposes or assign or provide the benefit of such Restricted Right to any other party;

(d) pay over to the Purchaser all monies collected or paid to the Seller in respect of such Restricted Rights; and

(e) take all such actions and do, or cause to be done, all such things at the request of the Purchaser as shall reasonably be necessary in order that the value and benefits of the applicable Restricted Rights shall be preserved and enure to the benefit of the Purchaser.

Once any necessary Consents for any Restricted Right referred to in Section 2.10(a) have been obtained on terms acceptable to the Purchaser, the Seller shall promptly assign, transfer, convey and deliver such Contract, Order or Permit to the Purchaser, and the Purchaser shall assume the obligations under such Contract, Order or Permit from and after the date of assignment to the Purchaser pursuant to an assignment and assumption agreement having terms substantially similar to the assignment and assumption agreement for other Contracts, Orders and/or Permits, as applicable, delivered pursuant to this Agreement.

ARTICLE 3 CLOSING

Section 3.1 Closing. Subject to the terms and conditions of this Agreement, the closing of the purchase and sale of the Purchased Assets contemplated by this Agreement (the "**Closing**") shall take place on the Closing Date at 12:00 p.m. (Pacific time), provided that, on or prior to such date, all conditions set forth in Article 8 have been satisfied or waived.

Section 3.2 Closing Deliveries.

- (a) **Seller** – At the Closing, the Seller shall deliver to the Purchaser:
- (i) a bill of sale and general conveyance in form and substance reasonably satisfactory to the Parties, transferring the Tangible Personal Property included in the Purchased Assets to the Purchaser;
 - (ii) an assignment in form and substance satisfactory to the Purchaser duly executed by the Seller, transferring to the Purchaser all of the Seller's right, title and interest in and to the Assigned Contracts forming part of the Purchased Assets;
 - (iii) an assignment in form and substance satisfactory to the Purchaser (the "**IP Assignment**") duly executed by the Seller, transferring all of the Seller's right, title and interest in and to the copyright registrations, domain name registrations, patents and patent applications and trademark registrations and applications included in the Purchased Assets, including the Purchased IP, to the Purchaser;
 - (iv) a consulting agreement between the Purchaser and each of Redacted. respectively, in form and substance satisfactory to the Purchaser, in its sole and unfettered discretion;
 - (v) the Tax election required by Section 2.9 duly executed by the Seller;

(vi) a certificate of an officer of the Seller certifying: (A) that each of the conditions set forth in Section 8.1 have been satisfied (unless otherwise waived by the Purchaser pursuant to the terms of this Agreement); (B) a copy of the resolutions of the board of directors of the Seller authorizing the completion of the Transaction and the execution, delivery, and performance of each of the Closing Documents to which it is a party; (C) a copy of the resolutions of the shareholder of the Seller authorizing the completion of the Transaction; and (D) the names and signatures of the directors and officers of the Seller authorized to execute the Closing Documents;

(vii) a current certificate of status with respect to the Seller, issued by the appropriate Governmental Authority of its respective jurisdiction of incorporation or organization; and

(viii) such other customary instruments of transfer, assumptions, filings, or documents, in form and substance reasonably satisfactory to the Purchaser, as may be required to give effect to this Agreement.

(b) **Purchaser** – At the Closing, the Purchaser shall deliver to the Seller:

(i) a share certificate representing the Payment Shares registered in the name of the Seller bearing a legend to reflect the leak out provisions set out in Section 2.6;

(ii) a copy of the share certificates representing the Finders' Fee registered in the names of the Finders;

(iii) the Tax election required by Section 2.9 duly executed by the Purchaser;

(iv) a certificate of an officer of the Purchaser certifying: (A) that each of the conditions set forth in Section 8.2 have been satisfied (unless otherwise waived by the Purchaser pursuant to the terms of this Agreement); (B) a copy of the resolutions of the board of directors of the Purchaser authorizing the completion of the Transaction and the execution, delivery, and performance of each of the Closing Documents to which it is a party; and (C) the names and signatures of the directors and officers of the Purchaser authorized to execute the Closing Documents;

(v) a current certificate of good standing with respect to the Purchaser, issued by the appropriate Governmental Authority of its respective jurisdiction of incorporation or organization; and

(vi) such other customary instruments of transfer, assumptions, filings, or documents, in form and substance reasonably satisfactory to the Seller, as may be required to give effect to this Agreement.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF SELLER

The Seller represents and warrants to the Purchaser as follows, and acknowledges that the Purchaser is relying upon the following representations and warranties in connection with its purchase of the Purchased Assets.

Section 4.1 Status and Authority.

The Seller is a corporation duly subsisting under the laws of the Province of British Columbia, and is in good standing under such laws, and has the requisite power, authority, and capacity and operate its property and assets, and to carry on the Business as it is being conducted. The Seller has the absolute and unrestricted right, power, authority, and capacity to enter into the Closing Documents to which it is a party, to execute and deliver same and to perform all of the Seller's obligations thereunder. The execution and

delivery by the Seller of the Closing Documents to which it is a party, the performance by it of its obligations thereunder, and the consummation of the transactions contemplated thereby, which transactions comprise part of the Transaction, have been duly authorized by all necessary corporate action on the Seller's part.

Section 4.2 Execution and Binding Obligation.

This Agreement has been duly executed and delivered by the Seller and constitutes a valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms. Each of the other Closing Documents to which the Seller is a party will be duly executed and delivered the Seller as and when required, on or prior to Closing, and, upon the execution and delivery thereof by the parties thereto, each such Closing Document shall constitute a valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms.

Section 4.3 Registration

Neither the nature of the Business nor the location or character of the assets owned or leased by the Seller relating to the Business requires it to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in the Province of British Columbia, where it is duly registered, licensed or otherwise qualified for such purpose and other than jurisdictions where the failure to be so registered, licensed or otherwise qualified does not have a Material Adverse Effect.

Section 4.4 No Subsidiaries

The Seller does not own, or have any interest in, any shares of any corporation which carries on, in whole or in part, the Business or any business similar to, competitive with or ancillary to the Business.

Section 4.5 No Conflict.

Neither the execution and delivery by the Seller of the Closing Documents to which the Seller is a party, nor the performance of the Seller's obligations thereunder and the consummation of the transactions contemplated thereby, will directly or indirectly (with or without notice or lapse of time or both):

- (a) conflict with, or result in a breach of, or constitute a default under: (i) any Constatting Documents of the Seller or other restrictions of any kind by which the Seller (or any assets of the Seller) is bound; or (ii) any resolutions of the Seller's directors or shareholder;
- (b) contravene, conflict with, or violate any Applicable Law; or
- (c) conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration or modification of any obligation or loss of any benefit under any contract or other instrument to which the Seller is a party or to which any of the Purchased Assets are subject; or
- (d) result in the creation or imposition of any Encumbrance on the Purchased Assets.

There has been no sale, assignment, subletting, licensing or granting of any rights in or other disposition of or in respect of any of the Purchased Assets or any part thereof, or any granting of any Contract or right capable of becoming an agreement or option for the purchase, assignment, subletting, licensing or granting of any rights in or other disposition of any of the Purchased Assets or any part thereof, other than pursuant to the provisions of, or as disclosed in, this Agreement.

Section 4.6 Consents.

The Seller is not required to give notice to, make any declaration, filing, or registration with, or obtain any Consent from, any Person in connection with: (a) the execution and delivery by the Seller of the Closing Documents to which the Seller is a party; (b) the performance by the Seller of the Seller's obligations

hereunder or thereunder, including the transfer of the Purchased Assets owned by the Seller to the Purchaser; or (c) the consummation of the Transaction.

Section 4.7 Absence of Undisclosed Liabilities

The Seller has not incurred any liabilities or obligations (whether accrued, absolute, contingent or otherwise) which continue to be outstanding, except (a) as disclosed to the Purchaser prior to the date hereof, or (b) incurred in the ordinary course of business and which do not have a Material Adverse Effect.

Section 4.8 Absence of Changes and Unusual Transactions

Since the date of incorporation of the Seller:

(a) there has not been any change in the financial condition, operations or prospects of the Business or the Purchased Assets other than changes in the ordinary course of business, none of which has a Material Adverse Effect;

(b) there has not been any damage, destruction, loss, virus or denial of service attack, Information Technology failure, labour dispute, organizing drive, application for certification or other event, development or condition of any character (whether or not covered by insurance) which has a Material Adverse Effect;

(c) the Seller has not transferred, sold or otherwise disposed of any of the assets shown or as disclosed to the Purchaser prior to the date hereof or cancelled any debts or entitlements except, in each case, in the ordinary course of business;

(d) the Seller has not incurred or assumed any obligation or liability (fixed or contingent) relating to the Business, except unsecured current obligations and liabilities incurred in the ordinary course of business, none of which has a Material Adverse Effect;

(e) the Seller has not discharged or satisfied any Encumbrance, or paid any obligation or liability (fixed or contingent) relating to the Business, other than liabilities as disclosed to the Purchaser prior to the date hereof and liabilities incurred in the ordinary course of business;

(f) the Seller has not suffered an operating loss or any unusual or extraordinary loss, waived or omitted to take any action in respect of any rights, or entered into any commitment or transaction not in the ordinary course of business where such loss, rights, commitment or transaction is or would be material in relation to the Purchased Assets or the Business;

(g) there has not been any acceleration, termination, material modification to or cancellation of any Assigned Contract or Permit, and to the knowledge of the Seller, no such acceleration, termination, material modification or cancellation is pending or threatened;

(h) the Seller has not granted any bonuses, whether monetary or otherwise, or made any general wage or salary increases in respect of any employee, or changed the terms of employment for any employee, or entered into a written contract with any employee, except in the ordinary course of business and consistent with past practice;

(i) the Seller has not, relating to the Business, hired or dismissed any senior employees or hired or dismissed more than five (5) employees;

(j) the Seller has not, relating to the Business or the Purchased Assets, directly or indirectly, engaged in any transaction, made any loan or entered into any arrangement with any officer, director, partner, shareholder, employee (whether current, former or retired), consultant, independent contractor or agent of the Seller;

(k) the Seller has not created or permitted to exist any Encumbrance affecting any of the Purchased Assets; and

(l) the Seller has not authorized, agreed or otherwise become committed to do any of the foregoing.

Section 4.9 Non-Arm's Length Transactions

No director or officer, former director or officer, shareholder or employee of, or any other Person not dealing at arm's length with the Seller is engaged in any transaction or arrangement with or is a party to a Contract with, or has any indebtedness, liability or obligation to, the Seller relating to the Business or the Purchased Assets, except for employment arrangements with employees, the terms of which have been disclosed to the Purchaser prior to the date hereof.

Section 4.10 No Joint Venture Interests or Strategic Alliance

The Seller, relating to the Business, is not a party to a strategic alliance or co-operative agreement and is not a partner, beneficiary, trustee, co-tenant, joint-venturer or otherwise a participant in any partnership, trust, joint venture, co-tenancy or similar jointly owned business undertaking and the Seller has no significant investment interests in any business owned or controlled by any third party which carries on, in whole or in part, the Business or any business similar to, competitive with, or ancillary to the Business.

Section 4.11 Proceedings and Orders.

As of the date of this Agreement, no Proceeding or Order is outstanding or pending, or to the knowledge of the Seller, has been threatened, against the Seller, that affects or relates to any of the Purchased Assets or that would otherwise impair, in any manner, the Seller's ability to perform the Seller's obligations under the Closing Documents to which the Seller is a party, or to consummate the transactions contemplated hereby and thereby, comprising the Transaction.

Section 4.12 Title to Assets.

The Seller is the legal and beneficial owner of the Purchased Assets with good, valid, and marketable title thereto, free and clear of all Encumbrances.

Section 4.13 Condition and Sufficiency of Assets.

The Purchased Assets (a) are in good condition and are adequate for the uses to which they are being put, and none of such Purchased Assets are in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost, (b) if a Contract, are in full force and effect and there are no outstanding defaults (or events which would constitute a default with the passage of time or giving of notice or both) under such Contracts on the part of the Seller or, to the knowledge of the Seller, on the part of any other party to such Contracts, and (c) constitute all of the assets, of any nature whatsoever, necessary to operate the Business in the manner presently operated by the Seller.

Section 4.14 Major Suppliers and Customers

The Purchaser has been provided with a comprehensive listing of each supplier of goods and services to, and each customer of, the Business to whom the Seller paid or billed in excess of \$50,000 in the aggregate since the date of incorporation of the Seller, together with, in each case, the amount so billed or paid. Since the date of incorporation of the Seller, there has been no termination or modification or change in the business relationship with any such supplier or customer. To the knowledge of the Seller, no such supplier or customer has any intention to change its relationship or the terms upon which it conducts business with the Business, as a result of the transfer of the Purchased Assets as contemplated in this Agreement or otherwise.

Section 4.15 Material Contracts

The Assigned Contracts as set out in Schedule B constitute the full and complete list of the Material Contracts of the Seller. The Material Contracts are all in full force and effect and there are no outstanding defaults (or events which would constitute a default with the passage of time or giving of notice or both) under such Material Contracts on the part of the Seller or, to the knowledge of the Seller, on the part of any other party to such Material Contracts. Through the Business and the Purchased Assets, the Seller has the capacity, including the necessary personnel, equipment and supplies, to perform all its obligations under the Material Contracts.

Section 4.16 Copies of Contracts, etc.

Current and complete copies of the Material Contracts and any Restricted Rights have been delivered to or made available to the Purchaser, and there are no current or pending negotiations with respect to the renewal, repudiation or amendment of any such Material Contracts or Restricted Rights.

Section 4.17 Intellectual Property.

(a) **"Intellectual Property"** means any and all of the following in any jurisdiction throughout the world: (i) trademarks, including all applications and registrations and the goodwill connected with the use and symbolized by the foregoing; (ii) copyrights and industrial designs, including all applications and registrations relating to the foregoing; (iii) trade secrets and confidential know-how; (iv) patents and patent applications; (v) websites and internet domain name registrations; and (vi) other intellectual property and related proprietary rights, interests and protections (including all rights to sue and recover and retain damages, costs and legal fees, disbursements and charges for past, present and future infringement and any other rights relating to any of the foregoing).

(b) Schedule D lists all Intellectual Property included in the Purchased Assets (the **"Purchased IP"**). The Seller owns or has adequate, valid and enforceable rights to use all the Purchased IP, free and clear of all Encumbrances. The Seller is not bound by any outstanding Orders restricting the use of the Purchased IP, or restricting the licensing thereof to any person or entity. With respect to registered Intellectual Property listed in Schedule D (i) all such Intellectual Property is valid, subsisting and in full force and effect; and (ii) the Seller has paid all maintenance fees and made all filings required to maintain the Seller's ownership thereof.

(c) The Seller's prior and current use of the Purchased IP has not and does not infringe, violate, dilute or misappropriate the Intellectual Property of any person or entity and there are no Claims pending or threatened by any person or entity with respect to the ownership, validity, enforceability, effectiveness or use of the Purchased IP, and neither the Seller nor any of its Affiliates has made or asserted any Claim, demand or notice against any person or entity alleging any such infringement, misappropriation, dilution or other violation.

Section 4.18 Information Technology

The Information Technology included in the Purchased Assets:

- (a) is suitable for the purposes for which it is being used;
- (b) is complete and no other Information Technology is needed to carry on the Business in the ordinary course;
- (c) is free from material defects or deficiencies;
- (d) does not require a material upgrade or replacement within the six (6) month period after the Closing Date and none are planned; and

(e) does not contain any disabling mechanisms or protection features which are designed to disrupt or prevent the use of the Information Technology, including computer viruses, time locks, or any code, instruction, or device that may be used without authority to access, modify, delete, or damage any of the Information Technology.

Section 4.19 Bankruptcy, Insolvency, and Reorganization.

The Seller is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) nor has the Seller made an assignment in favour of its creditors nor a proposal in bankruptcy to its creditors or any class thereof nor had any petition for a receiving order presented in respect of it. The Seller has not initiated Proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation, or dissolution. No receiver has been appointed in respect of the Seller or its respective property or assets and no execution or distress has been levied upon any of its property or assets. No act or Proceeding has been taken or authorized by or against the Seller with respect to any amalgamation, merger, consolidation, arrangement, or reorganization of, or relating to, the Seller nor have any such Proceedings been authorized by any other Person.

Section 4.20 Tax Matters.

(a) The Seller is not a non-resident of Canada for purposes of the ITA.

(b) The Purchased Assets constitute all or substantially all of the property that can reasonably be regarded as being necessary for the Purchaser to be capable of carrying on the Business. The Seller is registered for purposes of the GST and its registration number is Redacted.

(c) There are no Encumbrances for Taxes upon any of the Purchased Assets and no event has occurred that, with the passage of time or the giving of notice, or both, could reasonably be expected to result in an Encumbrance for Taxes on any of the Purchased Assets, nor is any taxing authority in the process of imposing any Encumbrances for Taxes on any of the Purchased Assets (other than for current Taxes not yet due and payable).

(d) The Seller has filed all Tax Returns required to be filed by it so as to prevent any valid Encumbrance of any nature on the Purchased Assets and has paid all Taxes relating to the Business which have been due with respect to the periods covered by such Tax Returns, or pursuant to any assessment received in connection therewith.

(e) The Seller has duly and timely withheld all Taxes and other amounts required by Applicable Law to be withheld by it (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the account or benefit of any Person, including any employees, officers or directors and any non-resident Person), and has duly and timely remitted to the appropriate Governmental Authority such Taxes and other amounts required by Applicable Law to be withheld by it.

(f) The Seller has duly and timely collected all amounts on account of any sales or transfer taxes, including GST/HST and provincial or territorial sales taxes, required by Applicable Law to be collected by it and has duly and timely remitted to the appropriate Governmental Authority any such amounts required by Applicable Law to be remitted by it.

Section 4.21 Compliance with Laws.

The operations of the Business have been and are no conducted in compliance with all Applicable Law applicable to the Business and the ownership and use of the Purchased Assets, and the Seller has not received any notice of any alleged violation of any such laws or regulations. There are no, and there have not been any, adverse or negative past performance evaluations or ratings by any Governmental Authority relating to the Business which have been communicated to the Seller.

Section 4.22 Governmental Authorizations

There are no Orders nor Permits relating to the Business or any of the Purchased Assets by or from any Governmental Authority.

Section 4.23 Restrictive Covenants

The Seller is not a party to or bound or affected by any Contract:

(a) limiting the freedom of the Seller to compete in any line of business or any geographic area, acquire goods or services from any supplier, establish the prices at which it may sell goods or services, sell goods or services to any customer or potential customer, or transfer or move any of its assets or operations; or

(b) which has a Material Adverse Effect.

Section 4.24 Real Property

(a) The Seller does not own any real property nor any property used in or necessary for the conduct of the Business as currently conducted.

(b) The Seller does not lease any Real Property nor any property used in or necessary for the conduct of the Business as currently conducted.

Section 4.25 Employment Matters

(a) The Seller does not have any Employees.

(b) All individuals characterized and treated by the Seller as independent contractors are listed in Schedule E. Each independent contractor has been properly classified as an independent contractor and the Seller has not received any notice from any Governmental Authority disputing such classification.

(c) The Seller has provided the Purchaser with correct and complete copies of all independent contractor agreements for each independent contractor of the Business.

(d) No variation has been made in the last three months to any of the terms of engagement of any of the independent contractors of the Business, nor has any future variation been offered, promised, or agreed except under or in accordance with the terms and conditions of engagement.

(e) All amounts due and owing or accrued due, but not yet owing, for all independent contractor compensation, including salary, wages, overtime, bonuses, commissions, vacation pay, sick days, other compensation payments, pension benefits or benefits under any benefit plans, have been paid in full.

(f) There are no outstanding or unaccrued assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any Applicable Law, including workers' compensation laws. No audit of the Seller is currently being performed under any Applicable Law, including workers' compensation laws.

(g) The Seller is and has been in compliance with all terms and conditions of employment and all Applicable Law pertaining to employment, employment standards, labour standards, wages, hours of work, overtime, human rights, pay equity, employment equity, pensions, occupational health and safety, immigration, workers' compensation, income tax withholding, payroll taxes, the Canada Pension Plan remittances or any other employment-related matter arising under Applicable Law, and there are no outstanding Claims, complaints, investigations or Orders under any such Applicable Law.

(h) The Seller is not, and has never been, a party to or bound by, either directly or by operation of any Applicable Law, any collective agreement, voluntary recognition agreement, or other contract with any union, and the Seller is not engaged in any labour negotiation with any union. The Seller has not and is not engaged in any unfair labour practice. No unfair labour practice complaint, certification application, grievance or arbitration proceeding is pending or, to the knowledge of the Seller, threatened against the Seller.

Section 4.26 Insurance

There are no insurance policies held or maintained by the Seller to provide coverage for fire, liability, product liability, umbrella liability, real and personal property, workplace safety, vehicle, collision, fiduciary liability and other casualty and property insurance and relating to the Business or the Purchased Assets, and with respect to the Business or the Purchased Assets, there are no pending Claims nor any history of Claims made by the Seller.

Section 4.27 Litigation

(a) There are no current, pending and, to knowledge of the Seller, threatened, Claims, Orders, or other Proceedings, of, by, against, or relating to, the Seller, any of the Purchased Assets, or the Business which, if determined adversely to the Seller, would (i) have a Material Adverse Effect, (ii) enjoin, restrict or prohibit the transfer of any or all of the Purchased Assets as contemplated by this Agreement, or (iii) delay, restrict or prevent the Seller from fulfilling any of its obligations set out in this Agreement or arising from this Agreement.

(b) To the knowledge of the Seller, there is no basis for any other Claim or other Proceeding which, if pursued, would likely have a Material Adverse Effect on the Seller, the Business, or any of the Purchased Assets.

(c) There is no appropriation, expropriation or seizure of any of the Purchased Assets that is pending or to the knowledge of the Seller that has been threatened.

Section 4.28 Books and Records of the Seller.

All Books and Records of the Seller have been delivered or made available to the Purchaser. Such Books and Records of the Seller fairly and correctly set out and disclose in all material respects the financial position of the Business and all material financial transactions relating to the Business have been accurately recorded in such Books and Records of the Seller. Books and Records of the Seller stored on computer-related or other electronic media are appropriately organized and indexed and no data conversions, translations or technology upgrades are required before such data can be accessed, read, searched, and used by the Seller's current Information Technology.

Section 4.29 Brokers' Fees.

The Seller will not be liable for any brokerage or agent's commission, finder's fee, or other similar payment in connection with this Agreement or the Transaction because of any action taken by, or agreement or understanding reached by, the Seller.

Section 4.30 Full Disclosure.

The Seller has made available to the Purchaser all information, including all financial, marketing, sales, and operational information on a historical basis relating to the Business, which would be material to a purchaser of the Business or the Purchased Assets. All such information which has been provided to the Purchaser is true and correct in all material respects and not material fact or facts have been omitted from that information which would make such information misleading. Without limiting the generality of the foregoing, the Seller has not failed to disclose to the Purchaser any fact or information which would be material to a purchaser of the Business or the Purchased Assets.

**ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF PURCHASER**

The Purchaser represents and warrants to the Seller as follows, and acknowledges that the Seller is relying upon the following representations and warranties in connection with their sale of the Purchased Assets.

Section 5.1 Status and Authority. The Purchaser is a corporation duly incorporated under the laws of the Province of British Columbia, and is in good standing under such laws. The Purchaser has full power, authority, and capacity to own and operate its property and assets, to carry on its business as it is being conducted, to enter into the Closing Documents to which it is a party, to execute and deliver same, and to perform all of its obligations thereunder. The execution and delivery by the Purchaser of the Closing Documents to which it is a party, the performance of its obligations thereunder, and the consummation of the transactions contemplated thereby, have been (or will be, prior to Closing) duly authorized by all necessary corporate action on the Purchaser's part.

Section 5.2 No Conflict.

Neither the execution and delivery by the Purchaser of the Closing Documents to which the Purchaser is a party, nor the performance of its obligations thereunder and the consummation of the Transaction, will directly or indirectly (with or without notice or lapse of time):

(a) conflict with, or result in a breach of, or constitute a default under: (i) any Constatting Documents of the Purchaser or other restrictions of any kind by which the Purchaser is bound; or (ii) any resolutions of the Purchaser's directors or shareholders;

(b) contravene, conflict with, or violate any Applicable Law; or

(c) give any Person the right to challenge any transaction contemplated thereby or to exercise any remedy under any Applicable Law to which the Purchaser is subject.

Section 5.3 Proceedings and Orders. As of the date of this Agreement, no Proceedings or Orders are outstanding or pending, or have been threatened, against the Purchaser, that would impair, in any manner, its ability to perform their obligations under this Agreement or any other Closing Documents to which it is party, or to consummate the Transaction.

Section 5.4 Bankruptcy, Insolvency, and Reorganization.

The Purchaser is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) nor has the Purchaser made an assignment in favour of its creditors nor a proposal in bankruptcy to its creditors or any class thereof nor had any petition for a receiving order presented in respect of it. The Purchaser has not initiated Proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation, or dissolution. No receiver has been appointed in respect of the Purchaser or its respective property or assets and no execution or distress has been levied upon any of its property or assets. No act or Proceeding has been taken or authorized by or against the Purchaser with respect to any amalgamation, merger, consolidation, arrangement, or reorganization of, or relating to, the Purchaser nor have any such Proceedings been authorized by any other Person.

Section 5.5 Tax Matters.

(a) The Purchaser is registered for purposes of the GST/HST and its registration number is

Redacted.

Section 5.6 Brokers' Fees.

Except for the Finders' Fee, the Purchaser will not be liable for any brokerage or agent's commission, finder's fee, or other similar payment in connection with this Agreement or the transactions contemplated hereby because of any action taken by, or agreement or understanding reached by, the Purchaser.

Section 5.7 Payment Shares and Finders' Fee.

The Payment Shares and Finders' Fee to be issued pursuant to the terms of this Agreement have been duly authorized for issuance and on the Closing Date such shares will be validly issued, fully paid and nonassessable common shares in the capital of the Purchaser.

**ARTICLE 6
PRE-CLOSING COVENANTS**

Section 6.1 Access and Investigation.

Prior to the Closing Date, and upon reasonable notice from the Purchaser, the Purchaser and its Representatives shall have the right to inspect the Purchased Assets and materials relevant to the Business. The Seller shall furnish to the Purchaser copies of the Books and Records of the Seller as the Purchaser shall from time to time reasonably request to enable the confirmation of the matters warranted in Article 4 and the Purchaser and the accounting representatives of the Purchaser shall be afforded ample opportunity to make a full investigation of all aspects of the financial affairs of the Seller relating to the Business. The Purchaser shall have the right to have the Tangible Personal Property and the Information Technology inspected and tested by its representatives. The Seller shall cooperate and assist, to the extent reasonably requested by the Purchaser, with the Purchaser's investigation of the Business and the Purchased Assets. The Purchaser's rights of access shall be exercised in a manner that does not interfere with the operation of the Business.

Section 6.2 Conduct of Business Prior to Closing

During the period from the date of this Agreement to the Closing, the Seller shall:

- (a) except as otherwise provided in this Agreement or consented to in writing by Purchaser (which consent shall not be unreasonably withheld or delayed), conduct the Business in the ordinary course consistent with past practice and regular customer service and business policies and not enter into any transaction which, if effected before the date of this Agreement, would constitute a breach of the representations, warranties or agreements of the Seller contained in this Agreement;
- (b) use all reasonable efforts to maintain good relations with its employees, customers, and suppliers;
- (c) preserve and maintain all Permits required for the conduct of the Business as currently conducted or the ownership and use of the Purchased Assets;
- (d) pay the debts, Taxes and other obligations of the Business when due;
- (e) continue to collect Accounts Receivable in a manner consistent with past practice, without discounting such Accounts Receivable;
- (f) maintain the properties and assets included in the Purchased Assets in the same condition as they were on the date of this Agreement, subject to reasonable wear and tear;
- (g) defend and protect the properties and assets included in the Purchased Assets from infringement or usurpation;

- (h) perform all of its obligations under all Contracts (including all Assigned Contracts);
- (i) maintain the Books and Records of the Seller in accordance with past practice;
- (j) comply in all material respects with all Applicable Law applicable to the conduct of the Business or the ownership and use of the Purchased Assets;
- (k) not take or permit any action that would cause any of the changes, events or conditions described in Section 4.8 to occur;
- (l) cooperate with the Purchaser and use all reasonable efforts to obtain and diligently assist the Purchaser in obtaining (i) all necessary Consents under any Applicable Law, and (ii) all necessary consents and approvals required any Contract; and
- (m) promptly advise the Purchaser orally and, if then requested by the Purchaser, in writing, of (i) any fact or any change in the business, operations, affairs, assets, liabilities, financial condition or prospects of the Business that could have a Material Adverse Effect, (ii) any breach by the Seller of any covenant or agreement contained in this Agreement, and (ii) any death, disability, resignation, termination of employment or other departure.

Section 6.3 Notice of Untrue Representation or Warranty

The Seller shall notify the Purchaser, and the Purchaser shall notify the Seller, promptly upon any representation or warranty made by it contained in this Agreement becoming incorrect prior to Closing, and for the purposes of this Section 6.3, unless otherwise specified, each representation and warranty shall be deemed to be given at and as of all times from the date of this Agreement to the Closing Date. Any such notice shall set out the particulars of the untrue or incorrect representation or warranty and details of any actions being taken by the Seller or the Purchaser, as the case may be, to rectify that incorrectness. Not such notice will relieve either Party of any right or remedy provided for in this Agreement.

Section 6.4 Actions to Satisfy Closing Conditions

Each of the Parties shall take all such actions as are within its power to control, and use reasonable commercial efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with each of the conditions and covenants set forth in Article 6, Article 7 and Article 8 which are for the benefit of the other Party, provided that the Purchaser shall not be required to dispose of or make any change to its business, the business of any of its Affiliates or the Business, or expend any material amounts or incur any other obligation in order to comply with this Section.

Section 6.5 Purchaser's Option if Damage, etc.

All Purchased Assets shall be and remain until Closing at the risk of the Seller. If the Purchased Assets, or a portion of them, are damaged or destroyed or appropriated, expropriated or seized by any Person, on or prior to the Closing Date, the Seller shall give the Purchaser notice of such event forthwith after such event comes to its attention and the Purchaser shall have the option:

- (a) to reduce the Purchase Price by an amount equal to the cost of repair or, if appropriated, expropriated, seized, destroyed or damaged beyond repair, by an amount equal to the replacement cost of such assets and to complete the purchase, in which event, the Seller shall be entitled to all proceeds of insurance and all proceeds and Claims relating to the applicable event;
- (b) to reduce the Purchase Price by an amount not recoverable under the relevant Insurance Policies and to complete the purchase, in which event, all proceeds of insurance shall be paid to the Purchaser on Closing and all right and claims of the Seller to any insurance proceeds not paid on Closing shall be unconditionally assigned to the Purchaser with the consent of the insurers on Closing; or

(c) to terminate this Agreement by notice in writing to the Seller but only if such damage, destruction, appropriation, expropriation or seizure exceeds \$100,000.

Section 6.6 Transfer Taxes

On the Closing Date, the Seller shall deliver to the Purchaser a duplicate copy of a clearance certificate issued pursuant to section 187 of the *Provincial Sales Tax Act* (British Columbia) that all taxes exigible thereunder have been paid.

Section 6.7 Payment Shares

(a) The Seller is acquiring the Payment Shares pursuant to the prospectus and registration exemption contained in Section 2.12 of *National Instrument 45-106 Prospectus and Registration Exemptions* and the Purchaser is relying on such exemptions.

(b) The Seller acknowledges that no Person has made any written or oral representations:

- (i) that any Person will repurchase the Payment Shares; or
- (ii) as to the future price or value of the Payment Shares.

POST-CLOSING COVENANTS

Confidentiality.

(a) As used in this Section 7.1, the term “**Confidential Information**” includes, all information concerning the Seller, including but limited to any information pertaining to the Business and Intellectual Property Rights, regardless of form or format and whether communicated or accessed in writing, orally, through visual or electronic means or otherwise.

(b) The Purchaser acknowledges the confidential and proprietary nature of the Confidential Information and agrees that the Purchaser shall, except to the extent such Confidential Information is comprised of Purchased Assets, from and after the Closing: (i) keep the Confidential Information confidential; (ii) not use the Confidential Information for any reason or purpose; and (iii) without limiting the foregoing, not disclose the Confidential Information to any Person, except with the prior written Consent of the Seller.

(c) Section 7.1(b) does not apply to that part of the Confidential Information that becomes generally available to the public other than as a result of a breach of this Section 7.1 by the Purchaser or any of its Affiliates. Confidential Information shall not be deemed “generally available to the public” merely because it is included or incorporated in more general information that is publicly available or because it combines features which individually may be publicly available.

(d) If the Purchaser becomes compelled by Applicable Law, in any Proceeding or otherwise, to make any disclosure that is prohibited by this Section 7.1, the Purchaser shall, to the extent legally permissible, promptly advise the Seller thereof, in writing, so that any of them, or both of them, may seek an appropriate protective order or other appropriate remedy or waive compliance with the provisions of this Section 7.1. In the absence of a protective order or other remedy, the Purchaser may disclose that portion (and only that portion) of the Confidential Information that, based upon the opinion of the Purchaser’s counsel, the Purchaser is legally compelled to disclose; provided, however, that the Purchaser shall use its best efforts to obtain written assurance that any Person to whom any Confidential Information is so disclosed shall accord confidential treatment to such Confidential Information.

Section 7.2 Seller's Future Actions

After the Closing, the Seller shall not, directly or indirectly, take any action which may adversely affect the Purchaser's ownership of or the validity or enforceability of any of the Purchased Assets.

**ARTICLE 8
CONDITIONS PRECEDENT**

Section 8.1 Conditions Precedent to Purchaser's Obligations.

The obligations of the Purchaser hereunder are subject to the satisfaction, at or prior to the Closing, of each of the conditions set forth below, any of which may be waived in whole or in part by the Purchaser:

(a) the Seller shall have delivered to the Purchaser each of the deliverables set forth in Section 3.2(a);

(b) the representations and warranties of the Seller set out in Article 4 shall be true and correct in all respects as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, which shall be true and correct in all respects as of that specified date);

(c) the Seller shall have duly performed and complied in all material respects with all agreements, covenants, and conditions required by this Agreement and each of the other Closing Documents to be performed or complied with by it on or before the Closing Date;

(d) the Seller shall have received all Consents from all Third Parties and Governmental Authority, and executed counterparts thereof shall have been delivered to Purchaser at or before the Closing;

(e) all consents, approvals, waivers or modifications to Restricted Rights required by the Purchaser shall have been obtained at or prior to Closing on terms acceptable to the Purchaser;

(f) there are no Proceedings delaying, restricting, preventing transactions contemplated in this Agreement and none pending or threatened;

(g) the Purchaser shall have received evidence satisfactory to it that all Encumbrances have been discharged and that the Purchased Assets are free and clear of all Encumbrances;

(h) the Seller shall have delivered actual possession of the Purchased Assets to the Purchaser;

(i) each of Redacted. shall have signed consulting agreements with the Purchaser; and

(j) there shall be no Material Adverse Effect since the date of this Agreement.

Section 8.2 Conditions Precedent to Seller's Obligations.

The obligations of the Seller hereunder are subject to the satisfaction, at or prior to the Closing, of each of the conditions set forth below, any of which may be waived in whole or in part by the Seller:

(a) the Purchaser shall have delivered to the Seller each of the deliverables set forth in Section 3.2(b);

(b) the representations and warranties of the Purchaser set out in Article 5 shall be true and correct in all respects as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, which shall be true and correct in all respects as of that specified date); and

(c) the Purchaser shall have duly performed and complied in all material respects with all agreements, covenants, and conditions required by this Agreement and each of the other Closing Documents to be performed or complied with by it on or before the Closing Date.

ARTICLE 9 TERMINATION

Section 9.1 Termination by Consent.

This Agreement may be terminated at any time prior to the Closing, by the mutual written Consent of the Purchaser and the Seller.

Section 9.2 Termination by Purchaser.

This Agreement may be terminated by written notice given by the Purchaser to the Seller at any time prior to or at the Closing:

(a) if satisfaction of any condition in Section 8.1 by the Closing Date becomes impossible, other than through the failure of the Purchaser to comply with its obligations under this Agreement; or

(b) if the Closing shall not have occurred by the Outside Date, provided that the failure of the Purchaser to fulfill any of its obligations was the cause of, or resulted in, the failure of the Closing to occur by the Outside Date.

Section 9.3 Termination by Seller.

This Agreement may be terminated by written notice given by the Seller to the Purchaser at any time prior to or at the Closing:

(a) if satisfaction of any condition in Section 8.2 by the Closing Date becomes impossible, other than through the failure of the Seller to comply with its obligations under this Agreement; or

(b) if the Closing shall not have occurred by the Outside Date, provided that the failure of the Seller to fulfill any of its obligations was the cause of, or resulted in, the failure of the Closing to occur by the Outside Date.

Section 9.4 Effect of Termination.

(a) Each Party's right of termination under this Article is in addition to any other right it may have under this Agreement (including under Article 10) or otherwise, and the exercise of a Party's right of termination will not constitute an election of remedies.

(b) If this Agreement is terminated pursuant to this Article 9, this Agreement will be of no further force or effect; provided, however, that: (i) Section 7.1, Section 9.4, Article 10, and Article 11 will survive the termination of this Agreement and will remain in full force and effect; and (ii) the termination of this Agreement will not relieve any party from any liability for any breach of this Agreement occurring prior to termination.

ARTICLE 10 INDEMNIFICATION

Section 10.1 Survival.

(a) All representations, warranties, covenants, and obligations in this Agreement and any certificate delivered pursuant to this Agreement shall survive the Closing and the consummation and performance of the Transaction for a period of two (2) years following the Closing Date.

(b) All Tax representations, warranties, covenants, and obligations in this Agreement and any certificate delivered pursuant to this Agreement related to Taxes shall survive the Closing and the consummation and performance of the transactions contemplated hereby for 90 days after the relevant Governmental Authority is no longer entitled to assess or reassess liability for Taxes.

(c) The waiver by a Party of any condition relating to any representation, warranty, covenant, or obligation shall not affect the right of that Party to indemnification, payment, reimbursement, or other remedy based upon such representation, warranty, covenant, or obligation except to the extent that such condition has been waived.

Section 10.2 Indemnification, Payment, and Reimbursement by Seller.

(a) The Seller shall indemnify and hold harmless the Purchaser and its Representatives and Affiliates (collectively, the "**Purchaser Indemnitees**") from and against all Claims arising from or relating to:

- (i) any inaccuracy in or breach of any of the representations or warranties of the Seller contained in this Agreement or any document to be delivered hereunder;
- (ii) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Seller under this Agreement or any document to be delivered hereunder;
- (iii) any liability to third Persons and warranty obligations respecting products manufactured or sold, or services provided, by the Seller prior to the Closing Date;
- (iv) any liabilities, debts and obligations of the Seller; or
- (v) the failure to obtain any necessary Consents for any Restricted Rights referred to in Section 2.10, including any Claims relating to any resultant termination of any such Restricted Rights or any increase of obligations or decrease of rights or entitlements of the Purchaser.

Section 10.3 Indemnification, Payment, and Reimbursement by Purchaser.

The Purchaser shall indemnify and hold harmless the Seller and its Representatives and Affiliates (collectively, the "**Seller Indemnitees**"), from and against all Claims arising from or relating to:

- (a) any inaccuracy in or breach of any of the representations or warranties of the Purchaser contained in this Agreement or any document to be delivered hereunder; or
- (b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Purchaser under this Agreement or any document to be delivered hereunder.

Section 10.4 Time Limitations.

(a) Subject to Section 10.4(b), if the Closing occurs, the Seller shall have liability under Section 10.2 with respect to any breach of a representation or warranty, if, and only if, the Purchaser notifies the

Seller of a Claim, specifying the factual basis of the Claim in reasonable detail to the extent known by the Purchaser, on or before the date that is two (2) years after the Closing Date.

(b) If the Closing occurs, the Seller shall have liability under Section 10.2 with respect to any breach of tax representation or warranty as provided for in Section 4.20, if, and only if, the Purchaser notifies the Seller of a Claim, specifying the factual basis of the Claim in reasonable detail to the extent known by the Purchaser, on or before the date that is the earlier of: (i) the date that is 90 days after the relevant Governmental Authority is no longer entitled to assess or reassess liability for Taxes or (ii) the date which is the last day of the ultimate limitation period.

(c) If the Closing occurs, the Purchaser shall have liability under Section 10.3 with respect to any breach of a representation or warranty, if, and only if, the Seller notifies the Purchaser of a Claim, specifying the factual basis of the Claim in reasonable detail to the extent known by the Seller, on or before the date that is two (2) years after the Closing Date.

(d) Notwithstanding anything to the contrary contained in this Section 10.4, in the case of fraud, intentional misrepresentation, or willful misconduct, there shall be no time limitation within which a Claim may be made pursuant to this Article 10.

Section 10.5 Third-Party Claims.

(a) For purposes of this Section 10.5, "**Third Party**" means a Person other than a Party.

(b) An Indemnified Person shall give notice of the assertion of any Claim by a Third Party whether or not involving a Proceeding (a "**Third-Party Claim**") to the Seller or the Purchaser (an "**Indemnifying Person**"), as the case may be; provided, however, that no failure or delay on the part of an Indemnified Person in notifying an Indemnifying Person will relieve the Indemnifying Person from any obligation under this Section 10.5, except to the extent that the failure or delay materially prejudices the defense of the Third-Party Claim by the Indemnifying Person.

(c) Except as provided in Section 10.5(f), the Indemnifying Person may elect to assume the defense of the Third-Party Claim with counsel satisfactory to the Indemnified Person, acting reasonably, by (i) giving notice to the Indemnified Person of its election to assume the defense of the Third-Party Claim; and (ii) giving the Indemnified Person evidence acceptable to the Indemnified Person that the Indemnifying Person has adequate financial resources to defend against the Third-Party Claim and fulfill its obligations under this Section 10.5, in each case no later than 10 days after the Indemnified Person gives notice of the assertion of a Third-Party Claim under Section 10.5(a).

(d) If the Indemnifying Person elects to assume the defense of a Third-Party Claim:

(i) it shall diligently conduct the defense and, so long as it diligently conducts the defense, shall not be liable to the Indemnified Person for any Indemnified Person's fees or expenses subsequently incurred in connection with the defense of the Third-Party Claim, other than reasonable costs of investigation;

(ii) the election shall conclusively establish for purposes of this Agreement that the Indemnified Person is entitled to relief under this Agreement for any Loss arising, directly or indirectly, from or in connection with the Third-Party Claim;

(iii) no compromise or settlement of such Third-Party Claim may be effected by the Indemnifying Person without the Indemnified Person's Consent unless (A) there is no finding or admission of any violation by the Indemnified Person of any Applicable Law or any rights of any Person; (B) the Indemnified Person receives a full release of and from any other Claims that may be made against the Indemnified Person by the Third Party bringing the Third-Party Claim; and (C) the sole relief provided is monetary damages that are paid in full by the Indemnifying Person; and

(iv) the Indemnifying Person shall have no liability with respect to any compromise or settlement of such Third-Party Claim that is effected without its Consent.

(e) If the Indemnifying Person does not assume the defense of a Third-Party Claim in the manner and within the period provided in Section 10.5(c), or if the Indemnifying Person does not diligently conduct the defense of a Third-Party Claim, the Indemnified Person may conduct the defense of the Third-Party Claim at the expense of the Indemnifying Person, and the Indemnifying Person shall be bound by any determination resulting from such Third-Party Claim or any compromise or settlement effected by the Indemnified Person.

(f) Notwithstanding the foregoing, an Indemnified Person may, by notice to the Indemnifying Person, assume the exclusive right to defend, compromise, or settle any Third-Party Claim if (i) the Indemnified Person determines in good faith that there is a reasonable probability that a Third-Party Claim may adversely affect it or any Affiliate, other than as a result of monetary damages for which it would be entitled to relief under this Agreement; or (ii) the Indemnified Person is advised by counsel that there is an actual or potential conflict in the Indemnifying Person's and the Indemnified Person's respective interests or that additional defenses are available to the Indemnified Person that makes representation by the same counsel inappropriate or unadvisable.

(g) In the event that a Third-Party Claim is of a nature such that the Indemnified Person is required by Applicable Law to make a payment to any Person with respect to such Third-Party Claim before the completion of settlement negotiations or related Proceedings, such Indemnified Person may make such payment and the Indemnifying Person shall, forthwith after demand by the Indemnified Person, reimburse the Indemnified Person for any such payment. If the amount of any liability 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 Person to the Indemnified Person, the Indemnified Person shall, forthwith after receipt of the difference from the Third Party, pay such difference to the Indemnifying Person.

(h) Notwithstanding the provisions of Section 1.3, each Party consents to the nonexclusive jurisdiction of any court in which a Third-Party Claim is brought against any Indemnified Person for purposes of determining any claim that an Indemnified Person may have under this Agreement with respect to such Third-Party Claim or the matters alleged therein.

(i) With respect to any Third-Party Claim subject to this Section 10.5:

(i) any Indemnified Person and any Indemnifying Person, as the case may be, shall keep the other Person fully informed of the status of such Third-Party Claim and any related Proceeding at all stages thereof where such Person is not represented by its own counsel; and

(ii) both the Indemnified Person and the Indemnifying Person, as the case may be, shall render to each other such assistance as they may reasonably require of each other and shall cooperate in good faith with each other in order to ensure the proper and adequate defense of any Third-Party Claim.

(j) In addition to Section 7.1, with respect to any Third-Party Claim subject to this Section 10.5, the Parties shall cooperate in a manner to preserve in full (to the extent possible) the confidentiality of all Confidential Information and the attorney-client and work-product privileges. In connection therewith, each Party agrees that:

(i) it shall use its best efforts, in respect of any Third-Party Claim in which it has assumed or participated in the defense, to avoid the production of any Confidential Information (consistent with Applicable Law and rules of procedure); and

(ii) all communications between any Party and counsel responsible for or participating in the defense of any Third-Party Claim shall, to the extent possible, be made so as to preserve any applicable attorney-client or work-product privilege.

(k) Any claim under this Section 10.5 for any matter involving a Third-Party Claim shall be indemnified, paid, or reimbursed promptly. If the Indemnified Person shall for any reason assume the defense of a Third-Party Claim, the Indemnifying Person shall reimburse the Indemnified Person on a monthly basis for the costs of investigation and the reasonable fees and expenses of counsel retained by the Indemnified Person.

Section 10.6 Other Claims.

(a) A claim under this Article for any matter not involving a Third-Party Claim may be made by notice to the Seller or the Purchaser, as the case may be, and will be deemed conclusive in all respects 30 days after receipt of the Indemnified Person's written notice to the Indemnifying Person of such claim unless the Indemnified Person sending the notice has received notice from the Indemnifying Person disputing such claim. In the event that a written notice of dispute is delivered by the Indemnifying Person within such 30 day period, the Parties will forthwith negotiate in good faith in order to resolve such dispute as soon as possible.

(b) If, within 30 days after the notice of dispute is given, the Parties are unable to agree upon a settlement of the dispute, any Party may refer the dispute to arbitration to be settled by arbitration conducted in accordance with the *Arbitration Act, 1996* (British Columbia) and pursuant to the rules of the ADR Institute of Canada Inc. by a single arbitrator appointed by agreement between the Purchaser and the Seller. If the Purchaser and the Seller are unable to agree on the arbitrator within 15 days of notice of referral of a matter to arbitration, then any Party may first request the ADR Institute of Canada Inc., or failing that, apply to the Supreme Court of British Columbia, to select the arbitrator. Such arbitration will take place in the City of Vancouver, British Columbia, unless the Purchaser and the Seller agree on another location. Any decision of the arbitrator will be final and binding upon the Parties and judgment upon any resulting arbitration award may be entered in any court of competent jurisdiction solely for the purpose of seeking enforcement of the arbitrator's award. Any award granted by the arbitrator will be subject to the limitations contained in this Section 10.6.

(c) Any amounts when finally determined under Section 10.6(a) or Section 10.6(b) shall become immediately due and payable.

Section 10.7 Principles of Indemnification.

(a) In connection with any claim under this Article 10, the Indemnified Person shall, at the request and expense of the Indemnifying Person, make available to the Indemnifying Person, or its Representatives, on a timely basis all documents, records, correspondence, notes, and other materials in the possession or control of the Indemnified Person with respect to the subject matter of the claim, as reasonably required by the Indemnifying Person solely for the purpose of assessing the claim and supporting and verifying any damages which the Indemnified Person believes give rise to the claim for indemnification.

(b) For purposes hereof, the amount of any indemnified Losses shall be determined without duplication of any other Loss for which an indemnification claim has been made or could be made under any other representation, warranty, covenant, or agreement and shall be computed net of payments recoverable by the Indemnified Person under any insurance policy with respect to such Losses.

(c) Payments made by any Indemnifying Person hereunder shall be reduced by the amount of any insurance proceeds received by the Indemnified Person.

(d) Nothing in this Article 10 shall limit or restrict the Parties' general obligation at Applicable Law to mitigate any Loss which it may suffer or incur as a result of any matter giving rise to indemnification under this Agreement.

Section 10.8 Indemnification Satisfaction

The satisfaction of any amounts as finally determined pursuant to Section 10.6 shall be by payment in cash (via certified cheque, bank draft, wire or electronic funds transfer) by the applicable party.

Section 10.9 Tax Treatment of Indemnification Payments.

All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

**ARTICLE 11
MISCELLANEOUS**

Section 11.1 Fees and Expenses.

Except as otherwise provided in this Agreement or the other Closing Documents, each Party will bear its respective fees and expenses incurred in connection with the preparation, negotiation, execution, and performance of this Agreement, and the consummation and performance of the Transaction, including all fees and expenses of its Representatives.

Section 11.2 Set-Off

In addition to all other rights and remedies of the Purchaser pursuant to this Agreement or any other document delivered under this Agreement or otherwise, at law or in equity, the Purchaser will be entitled to set-off the amount of any Claim that it has against the Seller pursuant to the provisions of this Agreement or any other document delivered under this Agreement or otherwise, against any amounts owing by it from time to time to the Seller.

Section 11.3 Public Announcement.

Except to the extent required by Applicable Law, neither Party shall make or cause to be made any disclosure or public announcement regarding this Agreement or the Transaction without the prior written Consent of the other Party. Without limiting the foregoing, either Party or their respective Affiliates may at any time make public announcements pertaining to the Transaction, as may be required from time to time to comply with such the disclosure obligations of such Party or its Affiliates under applicable securities laws or pursuant to the requirement of applicable securities exchanges.

Section 11.4 Entire Agreement.

This Agreement supersedes all prior agreements, understandings, negotiations, and discussions, whether written or oral, between the Parties with respect to its subject matter and constitutes (collectively with the other documents to be delivered pursuant to this Agreement) a complete and exclusive statement of the terms of the agreement between the Parties with respect to the subject matter of this Agreement.

Section 11.5 Amendment.

This Agreement may only be amended, supplemented, or otherwise modified in writing and executed by the Purchaser and the Seller.

Section 11.6 Further Assurances.

Following the Closing, each Party shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the Transaction and the documents to be delivered hereunder.

Section 11.7 Assignment.

This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither Party may assign its rights or obligations hereunder without the prior written Consent of the other Party, which Consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning Party of any of its obligations hereunder.

Section 11.8 No Waiver.

No investigations made by or on behalf of the Purchaser at any time shall have the effect of waiving, diminishing the scope of, or otherwise affecting any representation or warranty made by the Seller in or pursuant to this Agreement. Neither any failure nor any delay by any Party in exercising any right, power, or privilege under this Agreement, or any of the documents referred to in this Agreement, shall operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege, shall preclude any other or further exercise of such right, power, or privilege, or the exercise of any other right, power, or privilege. To the maximum extent permitted by Applicable Law (a) no claim or right arising out of this Agreement or any of the documents referred to in this Agreement may be waived by a Party, in whole or in part, unless made in a writing signed by such Party or the Seller on behalf of the Seller; (b) a waiver given by a Party shall only be applicable to the specific instance for which it is given; and (c) no notice to or demand on a Party shall waive or otherwise affect any obligation of that Party, or affect the right of the Party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

Section 11.9 Notices.

All notices and other communications required or permitted by this Agreement shall be in writing and shall be effective, and any applicable time period shall commence, when (a) delivered to the following address by hand or by a nationally recognized overnight courier service (costs prepaid) addressed to the following address; (b) mailed by certified or registered mail, return receipt requested, with postage prepaid; or (c) transmitted electronically to the following e-mail addresses, in each case marked to the attention of the Person (by name or title) designated below (or to such other address, e-mail address, or Person as a Party may designate by notice to the other Parties in accordance with this Section 11.9):

If to the Purchaser, to:

Alpha Esports Tech Inc.

Redacted.

With a copy to:

Redacted.

If to the Seller, to:

Paradise City Games Inc.

Redacted.

With a copy to:

Redacted.

Section 11.10 Counterparts and Electronic Signatures.

(a) This Agreement and other documents to be delivered pursuant to this Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original copy and all of which, when taken together, shall be deemed to constitute one and the same agreement or document, and shall be effective when counterparts have been signed by each of the Parties and delivered to the other Parties.

(b) A manual or electronic signature on this Agreement or other documents to be delivered pursuant to this Agreement, an image of which shall have been transmitted electronically, shall constitute an original signature for all purposes. The delivery of copies of this Agreement or other documents to be delivered pursuant to this Agreement, including executed signature pages where required, by electronic transmission shall constitute effective delivery of this Agreement or such other document for all purposes.

Section 11.11 Independent Legal and Financial Advice.

This Agreement has been prepared by _____ acting solely on behalf of the Purchaser, and the Seller acknowledges that that it has been advised to obtain independent legal advice with respect to entering into this Agreement and each of the other Closing Documents, that it has obtained such independent legal advice or has expressly deemed not to seek such advice, and that it is entering into this Agreement and each of the other Closing Documents with full knowledge of the contents hereof, of its own free will and with full capacity and authority to do so.

[Remainder of page left intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed the day and year first above written.

ALPHA ESPORTS TECH INC.

Redacted.

PARADISE CITY GAMES INC.

Redacted.

SCHEDULE A **DEFINITIONS**

Whenever used in this Agreement, the following words and terms have the meanings set out below:

“Accounts Receivable” means all accounts or notes receivable held by the Seller, and any security, claim, remedy or other right related to any of the foregoing.

“Affiliate” of any Person means, at the time that such determination is being made, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with such first Person; for purposes of the foregoing, a Person shall be deemed to control another Person if such first Person possesses, directly or indirectly, the power to direct or significantly influence, or cause the direction or influence of, the management and policies of such other Person, whether through the ownership of voting securities, by contract or in any other manner.

“Agreement” means this Asset Purchase Agreement together with all Schedules hereto, as the same may be amended, supplemented, or restated in accordance with the provisions hereof, from time to time.

“Applicable Law” means, in respect of any Person, property, activities, transaction, or event, all laws (including principles of common law and equity), statutes, by-laws, rules, regulations, codes, treaties, directives, guidelines, and policies (whether or not having the force of law), now or hereafter in effect, of any Governmental Authority having jurisdiction thereon or thereover, and any Orders issued, filed, or imposed by any such Governmental Authority.

“Assigned Contracts” has the meaning specified in Section 2.1.

“Books and Records of the Seller” means originals, or where not available, copies, of all books and records, including books of account, ledgers and general, financial and accounting records, machinery and equipment maintenance files, customer lists, customer purchasing histories, price lists, distribution lists, supplier lists, production data, quality control records and procedures, customer complaints and inquiry files, research and development files, records and data (including all correspondence with any Governmental Authority), sales material and records (including pricing history, total sales, terms and conditions of sale, sales and pricing policies and practices), strategic plans, internal financial statements, marketing and promotional surveys, material and research and files relating to the Intellectual Property of the Seller.

“Business Day” means any day other than a Saturday, a Sunday, or a day on which banks are required to be closed in Vancouver, British Columbia.

“Business” means the business conducted by the Seller, being a business that brings the world of film and television into augmented reality mobile gaming.

“Claims” includes claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, informations or other similar processes, assessments or reassessments, judgments, debts, liabilities, penalties, fines, expenses, costs, damages or losses, contingent, inchoate or otherwise, whether disputed or undisputed, contractual, legal or equitable), and including loss or diminution of value, loss of revenue and loss of profits, professional fees, including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing.

“Closing Date” means December 11, 2020, or such other date as the Parties may agree in writing, provided that the Closing Date may not be later than the Outside Date unless also otherwise agreed to by the Parties in writing.

“Closing Documents” means this Agreement and all other Contracts, releases, certificates, instruments, and documents delivered or given pursuant to this Agreement.

“Closing” has the meaning specified in Section 3.1.

“Confidential Information” has the meaning specified in Section 7.1(a).

“Consent” means any approval, permission, consent, ratification, waiver, exemption, modification or other authorization.

“Constating Documents” means the articles and certificate(s) of incorporation and the articles and certificate(s) of amendment, amalgamation, arrangement, reorganization, continuance, or revival, as the case may be, of such body corporate or the memorandum of agreement, special act, or statute and any other instrument or constating document by or pursuant to which the body corporate is incorporated or comes into existence, and its by-laws in effect from time to time; and all amendments to or restatements of any of the foregoing.

“Contract” means any agreement, contract, arrangement, understanding, consensual obligation, promise, commitment, engagement, or undertaking, whether written, electronic or oral, express or implied, and whether or not legally binding, including any quotations, orders, proposals, or tenders which remain open for acceptance.

“Corporate Records” means the corporate records of the referent Person, including its Constating Documents, minutes of meetings and resolutions of shareholders and directors (including any committees), its securities register, register of transfers, and register of directors, and the share certificates (or other evidence of ownership interest in the shares issued by it) issued by it since incorporation, whether such certificates are outstanding or cancelled.

“Deemed Price” has the meaning specified in Section 2.5

“Effective Date” has the meaning set forth in the preamble of this Agreement.

“Employees” means those individuals employed by the Seller who work for the Business immediately before Closing on a full-time, part-time, or temporary basis.

“Encumbrance” means any charge, condition, equitable interest, lien, option, pledge, hypothec, security interest, security agreement, mortgage, privilege, priority or prior claim; any financing lease, conditional or installment sale or title retention agreement; any right of way, easement, licence, encroachment or servitude; any option, right of pre-emption, first refusal or first offer or other right or restriction of any other Person, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership, whether or not subject to registration or constituting a real right or a right in real property; any exception, reservation, restrictive covenant or adverse claim affecting title of a Person to any asset or property; any community or other marital property interest; and any Contract to create any of the foregoing.

“ETA” means the *Excise Tax Act* (Canada), as amended, supplemented or re-enacted from time to time.

“Finders” has the meaning specified in Section 2.6

“Finders’ Fee” has the meaning specified in Section 2.6

“Governmental Authority” means any domestic or foreign government, whether federal, provincial, state, territorial, local, regional, municipal, or of any other political jurisdiction, and any agency, authority, instrumentality, court, board, commission, bureau, arbitrator, arbitration tribunal, or other tribunal, or any quasi-governmental or other entity, insofar as it exercises a legislative, judicial, regulatory, administrative, expropriation, or taxing power or function of or pertaining to government, and includes any official of any of the foregoing.

"GST/HST" means the goods and services tax and the harmonized sales tax imposed under Part IX of the ETA or any other statute in any jurisdiction of Canada.

"Indemnified Person" means a Person who may claim a right of indemnification under Section 10.2 or Section 10.3.

"Indemnifying Person" has the meaning specified in Section 10.5(b).

"Information Technology" means all computer hardware, software (including source code and object code, documentation, interfaces and development tools), websites, databases, telecommunications equipment and facilities and other information technology systems owned, used, licensed or held by or pertaining to the Seller in connection with the Business or the Purchased Assets;

"Intellectual Property" has the meaning specified in Section 4.17(a).

"Intellectual Property Rights" means all intellectual property and industrial property and other proprietary rights and interests throughout the world, and all rights, title and interests thereto of every nature, whether registered or unregistered, including patents, copyrights, industrial designs, integrated circuit topographies, mask works, design patents, utility models, trade secrets, or any other statutory provision or common law principle that provides a right in either intellectual property or the expression or use of intellectual property, and including any confidential information, ideas, formulae, algorithms, concepts, techniques, processes, procedures, approaches, methodologies, plans, systems, research, information, documentation, data, data compilations, specifications, requirements, designs, diagrams, inventions, technology, know-how, trademarks, software, computer programs, (including related code), websites, domain names, business names and goodwill, if any, and all rights to apply for, and all applications and registrations for, any of the foregoing, and all continuations, substitutions, confirmations, divisions, reissues, extensions and renewals thereof, and any licenses, sub-licenses, franchises, agreements or any other evidence of a right in any of the foregoing.

"IP Assignment" has the meaning specified in Section 3.2(a)(ii).

"ITA" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended, supplemented or re-enacted from time to time.

"knowledge of the Seller" has the meaning specified in Section 1.4.

"Loss" means any direct cost, loss, liability, obligation, damage, deficiency, expense, fine, or penalty, including reasonable attorneys' fees, expenses, and court costs.

"Material Adverse Effect" means any change, effect or circumstance that, which considered either individually or in the aggregate together with all other adverse changes, effects or circumstances with respect to which such phrase is used in this Agreement, is materially adverse to, or could reasonably be expected to have a material adverse effect on, the financial condition or results of operations or prospects of the Business, other than those resulting from industry-wide conditions or general economic conditions affecting the industry in which the Business is carried on.

"Material Contracts" means Contracts (i) involving payments to or by the Seller in excess of \$50,000, (ii) involving rights or obligations that may reasonably extend beyond one (1) year and which do not terminate or cannot be terminated by the Seller without penalty on less than two (2) months' notice, (iii) which are outside the ordinary course of business of the Business, (iv) which restrict in any way the Business or activities of the Seller relating to the Business, or (v) which, if terminated without the consent of the Seller, would have a Material Adverse Effect.

"Order" means any order, injunction (preliminary or permanent), judgment, notice, directive, decree, award, direction, instruction, assessment, finding or ruling, of any Governmental Authority.

“Outside Date” means February 28, 2021, unless otherwise agreed to in writing by the Purchaser and the Seller.

“Parties” and **“Party”** have the meanings set forth in the preamble of this Agreement.

“Payment Shares” has the meaning specified in Section 2.5.

“Permit” means, with respect to any Person, any permit, licence, franchise, registration, or other authorization issued, granted, given by, or made applicable under the authority of, a Governmental Authority having jurisdiction over such Person or its property.

“Person” means an individual, partnership, corporation, business trust, limited liability company, limited liability partnership, joint stock company, unlimited liability corporation, trust, unincorporated association, joint venture or any other entity or organization, and includes a Governmental Authority.

“Proceeding” means any action, claim, suit, litigation, hearing, arbitration, mediation or other proceeding of any nature whatsoever, whether civil, criminal, administrative, judicial or investigative, and whether at law or in equity, and includes, for greater certainty, any investigation, inquiry, assessment, reassessment, or audit by, before or otherwise involving any Governmental Authority.

“Purchase Price” has the meaning specified in Section 2.4.

“Purchased Assets” has the meaning specified in Section 2.1.

“Purchased IP” has the meaning specified in Section 4.17(b).

“Purchaser” has the meaning set forth in the preamble of this Agreement.

“Purchaser Indemnitees” has the meanings specified in Section 10.2(a).

“Representative” of a Person includes any director, officer, employee, agent, consultant, advisor, auditor, accountant, or legal counsel of such Person and any other Person duly authorized by such first referenced Person to represent it.

“Restricted Right” means any Contract, Order or Permit which by its terms requires consent or approval of the other party or parties thereto or the issuer for completion of the Transaction or in respect of which the completion of the Transaction will increase the obligations or decrease the rights or entitlements of the Seller or the Purchaser relating to the Business under such Contract, Order or Permit.

“Seller” has the meaning set forth in the preamble of this Agreement.

“Tangible Personal Property” means machinery, equipment, furniture, furnishings, office equipment, computer hardware, supplies, materials, vehicles, material handling equipment, implements, parts, tools, jigs, dies, moulds, patterns, tooling and spare parts and tangible assets (other than any real property) owned, used or held by the Seller for use in or relating to the Business, including (i) any of the foregoing which are in storage or transit, (ii) other tangible personal property of the Seller used in or relating to the Business whether located in or on the personal property or elsewhere, and (iii) any of the foregoing which may be attached to any real property.

“Tax” or, collectively, **“Taxes”** means all taxes including all income, sales, use, GST/HST, provincial sales tax, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health excise, franchise, real property, and personal property taxes and other taxes, customs, duties, fees, levies, imposts, and other assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance, and unemployment insurance payments and workers’ compensation premiums, together with any instalments with respect thereto, and any interest, fines, and penalties, in all cases imposed by any Governmental Authority in respect thereof and whether disputed or not.

“Tax Law” means any Applicable Law including but not limited to the ITA, the ETA and the *Provincial Sales Tax Act* (British Columbia) that imposes Taxes or that deals with the administration or enforcement of liabilities for Taxes.

“Tax Returns” means all returns, information returns, reports, elections, agreements, declarations, or other documents of any nature or kind required to be filed with any applicable Governmental Authority in respect of Taxes.

“Third Party” has the meaning specified in Section 10.5(a).

“Third-Party Claim” has the meaning specified in Section 10.5(b).

“Transaction” means the purchase by the Purchaser from the Seller of the Purchased Assets and the transactions contemplated by this Agreement

**Schedule B
Purchased Assets**

Redacted.

SCHEDULE C
PURCHASE PRICE ALLOCATION

Redacted.

SCHEDULE D
PURCHASED IP

Redacted.

SCHEDULE E
INDEPENDENT CONTRACTS

Redacted.