

SHARE PURCHASE AGREEMENT

THIS AGREEMENT is dated as of September 13, 2019.

AMONG:

BORIS GORODNITSKY, an individual resident of Washington state, United States ("**Gorodnitsky**"),

AND:

ROBERT D. COLWELL, an individual resident of Washington state, United States ("**Colwell**"),

(each of Gorodnitsky and Colwell, a "**Vendor**" and collectively, the "**Vendors**")

AND:

1166858 B.C. Ltd, a corporation existing under the laws of the Province of British Columbia, Canada,

(the "**Purchaser**")

WHEREAS:

A. The Vendors are the registered and beneficial owners of the right, title and interest in and to the Vendors Shares (as hereafter defined) which in the aggregate represent all of the issued and outstanding securities of New Leaf USA, Inc. (the "**Corporation**"); and

B. The Vendors have agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendors, the right, title and interest in and to all of the Vendors Shares pursuant to the terms and conditions of this Agreement;

NOW THEREFORE this Agreement witnesses that in consideration of the premises and mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by each party hereto, the parties agree as follows:

1. **Definitions and Interpretation**

1.1 In this Agreement and in the Schedules and the recitals hereto, unless the context otherwise requires, the following expressions will have the following meanings:

- (a) **“Anti-Corruption Laws”** means, collectively, with respect to any Person, anti-corruption or anti-bribery laws of all jurisdictions applicable to such Person, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority to which such Person is subject, including the *Corruption of Foreign Public Officials Act* (Canada) and the *United States Foreign Corrupt Practices Act of 1977*.
- (b) **“Adverse Interests”** means any lien, charge, mortgage, hypothec, pledge, assignment, option, or other security interest, encumbrance or adverse right, restriction or interest of any nature or kind.
- (c) **“Affiliate”** of any Person means, at the time such determination is being made, any other Person Controlling, Controlled by or under common Control with such first Person, in each case, whether directly or indirectly.
- (d) **“Agreement”** means this Share Purchase Agreement, including all schedules and exhibits, and all amendments or restatements, as permitted, and references to **“Article”**, **“Section”**, **“Schedule”** or **“Exhibit”** mean the specified Article or Section of, or Schedule or Exhibit to, this Agreement.
- (e) **“Alternative Transaction”** has the meaning set out in section 4.4 hereof.
- (f) **“Applicable Law”** means:
- (i) any domestic or foreign statute, law (including common and civil law), code, ordinance, rule, regulation, restriction or bylaw; or
 - (ii) any judgment, order, ruling, decision, writ, decree, injunction or award,
- of any governmental entity, statutory body or self-regulatory authority (including a stock exchange), to the extent that the same is legally binding on the person referred to in the context in which the term is used, and includes Environmental Laws. Notwithstanding the foregoing, the definition of Applicable Law excludes any U.S. federal laws, statutes, codes, ordinances, decrees, rules, regulations to the degree such would apply to the Corporation’s ancillary involvement in the marijuana industry in the United States.
- (g) **“Assets”** means the Equipment, the Intellectual Property, the Assignment of Lease for the Facility and all other property, assets and undertaking of the Corporation and each of the Subsidiaries.
- (h) **“Books and Records”** means all books, records, papers and files of a Person including accounting and financial records and the minute and share certificate books in whatever form including electronic, digital and other computer-related media, and all copies, recordings and archives of the foregoing.

- (i) **“Business”** means the business of the Corporation carried on through the Subsidiaries, being the provision of real property, intellectual property and equipment for lease and enhanced ancillary services to the businesses and the production and sale of hemp and hemp-based products.
- (j) **“Business Day”** means any day, other than a Saturday or Sunday, on which banks in Vancouver, British Columbia, Canada and Seattle, Washington, United States are open for commercial banking business during normal banking hours.
- (k) **“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.
- (l) **“Closing”** means the completion of the purchase and sale of all of the Vendors Shares and other transactions contemplated in this Agreement in accordance with the terms and conditions of this Agreement.
- (m) **“Closing Date”** means the date on which the Closing occurs.
- (n) **“Closing Time”** means 5:00 a.m. Vancouver time, on the Closing Date, or such other time on such date as the Parties may agree in writing as the time at which the Closing shall take place.
- (o) **“Confidential Information”** has the meaning set out in section 4.5 hereof.
- (p) **“Corporation”** has the meaning ascribed thereto in the preamble to this Agreement.
- (q) **“Corporation Material Agreements”** has the meaning set out in section 3.2(n).
- (r) **“Corporation Shares”** means the common shares in the capital of the Corporation.
- (s) **“Corporation Licenses”** has the meaning set out in section 3.2(t) hereof.
- (t) **“Consents”** means all consents, approvals and other authorizations required to be obtained in connection with the execution and delivery of this Agreement and the completion of the transactions contemplated herein.
- (u) **“Consideration Shares”** means the 9,000,000 Class A voting common shares in the capital of the Purchaser, issued to the Vendors on a Pro Rata

basis, as listed on Schedule "A", in partial satisfaction of the Purchase Price.

- (v) **"Contracts"** means contracts, licences, leases, agreements, obligations, promises, undertakings, understandings, arrangements, documents, commitments, entitlements or engagements to which a Party is a party or by which any of them are bound or under which a Party has, or will have, any liability or contingent liability (in each case, whether written or oral, express or implied), and includes any quotations, orders, proposals or tenders which remain open for acceptance and warranties and guarantees.
- (w) **"Control"** means, in respect of:
 - (i) a corporation, the ability of a Person or group of Persons acting in concert to influence the manner in which the business of such corporation is carried on, whether as a result of ownership of sufficient voting shares of such corporation to enable that Person or group of Persons to elect a majority of the directors of such corporation or by contract or otherwise; and
 - (ii) a partnership, trust, syndicate or other entity, actual power or authority to manage and direct the affairs of, or ownership of more than fifty percent (50%) of the transferable beneficial interests in, such entity, and the term **"Controlled"** has a corresponding meaning.
- (x) **"CSE"** means the Canadian Securities Exchange.
- (y) **"Damages"** means any losses, liabilities, damages or out-of-pocket expenses (including reasonable legal fees and expenses) whether resulting from a claim that is instituted or asserted by a third party, including a Governmental Authority, or a cause, matter, thing, act, omission or state of facts not involving a third party.
- (z) **"Disclosure Document"** has the meaning set out in section 4.1 hereof.
- (aa) **"Employment Shares"** means the 1,829,338 Class A voting common shares in the capital of the Purchaser, issued to each of the Vendors pursuant to the employment agreements described in Section 6.1(c).
- (bb) **"Environment"** means the environment and natural environment as defined in any Environmental Laws and includes indoor air and any living things.
- (cc) **"Environmental Laws"** means Laws relating to the Environment and public health or safety, and includes Laws relating to any sewer system and to the storage, generation, use, handling, manufacture, processing, labelling, advertising, sale, display, transportation, treatment, reuse, recycling, Release and disposal of Hazardous Substances.

- (dd) **“Environmental Orders”** means Orders issued, filed, imposed or threatened by any Governmental Authority pursuant to any Environmental Laws and include certificates of property use and Orders requiring investigation, assessment, monitoring, managing, controlling, treatment, removal, excavation or remediation of any site or Hazardous Substance, or requiring that any Release or any other activity be reduced, modified, managed, controlled, stopped or eliminated or requiring any form of payment or co-operation be provided to any Governmental Authority.
- (ee) **“Equipment”** has the meaning ascribed thereto in the Corporation Material Agreements.
- (ff) **“EquipmentCo”** means New Leaf Equipment LLC, a limited liability company formed under the laws of the State of Washington.
- (gg) **“Facility”** means the approximately 36,000 square foot facility located at 460 and 470 South Kenyon Street, Seattle, Washington.
- (hh) **“Governmental Authority”** means (i) any court, judicial body or arbitral body, (ii) any domestic or foreign government whether multinational, national, federal, provincial, territorial, state, municipal or local and any governmental agency, governmental authority, governmental tribunal or governmental commission of any kind whatever, (iii) any subdivision or authority of any of the foregoing, (iv) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above, (v) any supranational or regional body such as the World Trade Organization, and (vi) any stock exchange.
- (ii) **“Hazardous Substances”** means pollutants, contaminants, wastes of any nature, hazardous substances, hazardous materials, toxic substances, prohibited substances, dangerous substances or dangerous goods as defined, judicially interpreted or identified in any Environmental Laws including asbestos, asbestos-containing materials, polychlorinated biphenyls (PCBs) and mould.
- (jj) **“HempCo”** means New Leaf Hemp Company LLC, a limited liability company formed under the laws of the State of Washington, United States.
- (kk) **“Intellectual Property”** means trademarks, service marks, trade dress, trade names, corporate names (whether or not registered), logos and domain name registrations, including all registrations and applications for registration of the foregoing and all goodwill associated therewith; copyrights (whether or not registered) and registrations and applications for registration thereof, including all derivative works, moral rights, renewals, extensions, reversions or restorations associated with such copyrights, now or hereafter provided by law, regardless of the medium of fixation or means of expression; trade secrets and, whether or not confidential, business information (including pricing and cost information, business and marketing plans and customer and supplier lists) and know-how (including, but not

limited, manufacturing and production processes and techniques and research and development information); industrial designs (whether or not registered); databases and data collections; all rights to obtain and rights to register trademarks and copyrights; all rights in all of the foregoing provided by treaties, conventions and common law; and all rights to sue or recover and retain damages and costs and attorneys' fees for past, present and future infringement or misappropriation of any of the foregoing.

- (ll) **"IPCo"** means New Leaf IP LLC, a limited liability company formed under the laws of the State of Washington.
- (mm) **"Legal Proceeding"** means any action, suit, claim, litigation, complaint, grievance, application, arbitration, inquiry, investigation, hearing or other civil, criminal, regulatory, or administrative proceeding or other similar proceeding, at law or in equity, before or by any court, agency, commission, tribunal, panel or other judicial, governmental or administrative body or authority and includes any appeal or review thereof and any application or leave for appeal or review.
- (nn) **"Liabilities"** means all costs, expenses (including wages, vacation pay and overtime pay), charges, debts, liabilities, claims, losses, damages, adverse claims, fines, penalties, demands and obligations, assessments or reassessments of any kind or nature (including any deferred or future liability for Taxes), whether primary or secondary, direct or indirect, known or unknown, asserted or unasserted, fixed, contingent or absolute, accrued or unaccrued, matured or unmatured, determined or determinable, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise, voluntarily incurred or otherwise, whenever asserted, and including all costs and expenses relating thereto including all fees, disbursements and expenses of legal counsel, experts, engineers and consultants and costs of investigation.
- (oo) **"Listing"** has the meaning set out in section 6.2(e).
- (pp) **"Material Adverse Effect"** means a change, effect or circumstance that, when 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 the Business, the Corporation, the Subsidiaries or the Purchaser, as applicable.
- (qq) **"Order"** means any order, writ, judgment, ruling, decree, decision, directive, injunction or award of any competent judicial, governmental or administrative body or authority, and includes any Environmental Order.
- (rr) **"Outside Date"** means December 31, 2019, or such later date as the Purchaser and the Vendors may agree in writing.

- (ss) “**Parties**” means each of the Vendors and the Purchaser collectively, and “**Party**” means any one of them.
- (tt) “**Performance Warrants**” means the 4,000,000 share purchase warrants of the Purchaser, issued to the Vendors on a Pro Rata basis, as listed on Schedule "A" and having the terms set forth in Schedule "G" in partial consideration of the Purchase Price.
- (uu) “**Person**” means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative.
- (vv) “**Prospectus**” has the meaning set out in section 6.1(e).
- (ww) “**Purchase Price**” has the meaning ascribed thereto in Section 2.2.
- (xx) “**Purchaser**” has the meaning ascribed thereto in the preamble to this Agreement.
- (yy) “**Purchaser Indemnified Parties**” has the meaning set out in section 9.1.
- (zz) “**Purchaser Indemnified Party**” has the meaning set out in section 9.1.
- (aaa) “**Purchaser Shares**” means the common shares in the capital of the Purchaser.
- (bbb) “**Pro Rata**” means pro rata based on the number of Corporation Shares owned by the Vendors.
- (ccc) “**RealEstateCo**” means New Leaf Real Estate LLC, a limited liability company formed under the laws of the State of Washington.
- (ddd) “**Related Person**” means any Vendor or, any Affiliate thereof or any current or former officer, director, shareholder or Affiliate of the Corporation.
- (eee) “**Release**” has the meaning prescribed in any Environmental Laws and includes any release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction, whether accidental or intentional.
- (fff) “**ServiceCo**” means New Leaf Services LLC, a limited liability company formed under the laws of the State of Washington.
- (ggg) “**Subsidiaries**” means HempCo, EquipmentCo, IPCo, RealEstateCo and ServiceCo.
- (hhh) “**Survival Period**” has the meaning set out in section 3.4 hereof.

- (iii) **“Taxes”** includes any taxes, duties, fees, premiums, assessments, imposts, levies, warrants and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions.
- (jjj) **“Vendors”** has the meaning ascribed thereto in the preamble to this Agreement.
- (kkk) **“Vendors Shares”** means the two Corporation Shares held by the Vendors, as set forth in Schedule "A" hereto.

1.2 In this Agreement, unless something in the subject matter or context is inconsistent therewith:

- (a) the division of this Agreement into articles, sections and other subdivisions and the use of headings are for convenience only and are not intended to define, interpret or limit the scope, extent or intent of this Agreement;
- (b) all references in this Agreement to “articles”, “sections” and other subdivisions or Schedules are to the designated articles, sections or other subdivisions or Schedules of this Agreement;
- (c) the words “hereof”, “hereto”, “herein”, “hereby”, “herewith” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular article, section or other subdivision;
- (d) the word “or” is not exclusive and the word “including” is not limiting (whether or not non-limiting language is used with reference thereto);
- (e) the words “written” or “in writing” include printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception including telex, telegraph, telecopy, facsimile or e-mail;
- (f) a “day” shall refer to a calendar day, and references to a “business day” shall refer to days on which banks are ordinarily open for business in Vancouver, British Columbia, other than a Saturday or a Sunday; in calculating all time periods the first day of a period is not included and the last day is included, and if a date is or a time period ends on a day which is

not a business day, such date will be extended and the time period will be deemed to expire on the next business day;

- (g) unless otherwise specified, all references to money amounts are to lawful currency of Canada. “**USD**” means the lawful currency of the United States of America.
- (h) any reference to a statute is a reference to the applicable statute and to any regulations made pursuant thereto and includes all amendments made thereto and in force from time to time and any statute or regulation that has the effect of supplementing or superseding such statute or regulation;
- (i) words importing individuals include bodies corporate and other artificial entities, and vice versa; words importing gender include the other gender; words importing one form of body corporate or artificial entity include all other forms of bodies corporate or artificial entities; and words importing the singular includes the plural, and vice versa; and
- (j) the rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable in the construction or interpretation of any of the terms and conditions of this Agreement.

2. **Purchase and Sale**

2.1 Subject to the terms and conditions of this Agreement, at the Closing, each Vendor shall sell, assign and transfer to the Purchaser, and the Purchaser shall purchase from each Vendor, the right, title and interest in and to their respective Vendors Shares (which in the aggregate, represent all of the issued and outstanding Corporation Shares), free and clear of all Adverse Interests.

2.2 In consideration for the Vendors Shares, the amount payable by the Purchaser at the Closing (the “**Purchase Price**”), exclusive of all applicable sales and transfer Taxes, shall be the aggregate of:

- (a) the Purchaser Shares, issued to the Vendors, or as directed by the Vendors, Pro Rata in the amounts set forth in Schedule "A" hereto; and
- (b) the Performance Warrants, issued to the Vendors, or as directed by the Vendors, Pro Rata in the amounts set forth in Schedule "A" hereto.

3. **Representations and Warranties**

3.1 Each of the Vendors severally and not jointly represents and warrants to the Purchaser, and acknowledges that the Purchaser is relying on such representations and warranties, that as of the date of this Agreement and the Closing:

- (a) it is of full age of majority;

- (b) it has the legal power and capacity and has taken all necessary action and has obtained all necessary approvals to enter into and execute this Agreement and to carry out its obligations hereunder;
- (c) it has duly executed this Agreement and this Agreement constitutes a legal, valid and binding obligation of it enforceable against it in accordance with the Agreement's terms;
- (d) neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated herein by the Vendors will constitute or result in a breach of or default under, or create a state of facts which after notice or lapse of time or both will constitute or result in a breach of or default under, or will otherwise conflict with (i) if it is not an individual, its constituting documents or any resolutions of its directors, shareholders or other stakeholders, (ii) any indenture, agreement or instrument to which it is a party or by which it is bound, or (iii) any Applicable Laws or Orders;
- (e) it is the registered holder and beneficial owner of the right, title and interest in and to its respective Vendors Shares as indicated in Schedule "A" hereto; it has good and marketable title to such Vendors Shares free and clear of all Adverse Interests; its Vendors Shares are validly issued and outstanding as fully paid and non-assessable securities in the capital of the Corporation; it holds no other shares in the capital of the Corporation other than such Vendors Shares; and it holds no right, privilege, option, warrant or agreement to purchase or otherwise acquire, directly or indirectly, any other shares in the capital of the Corporation;
- (f) no person has any right, privilege, option, warrant or agreement, contingent or otherwise, or any of the foregoing capable of become any right, privilege, option, warrant or agreement, to purchase or otherwise acquire, directly or indirectly, any of its respective Vendors Shares or any interest or entitlement therein (other than as provided by this Agreement);
- (g) other than as a result of the transactions contemplated herein, it is not a party to any unanimous shareholders agreement, escrow agreement, pooling agreement, voting trust or similar arrangements or obligations in respect of its respective Vendors Shares or any other securities of the Corporation; and
- (h) none of the foregoing representations and warranties and no documents furnished by or on behalf of the Vendors to the Purchaser in connection herewith or hereunder, contains any untrue statement of material fact or omits to state any material fact that the party knew or ought to have known is necessary to make any such representation or warranty not misleading to a prospective purchaser of the Vendors Shares seeking full information as to the Vendors Shares, the Corporation and its business and affairs.

3.2 Each of the Corporation and the Vendors jointly and severally, represents and warrants to the Purchaser and acknowledges that the Purchaser is relying on such representations and warranties, that as of the date of this Agreement and the Closing:

- (a) the Corporation and each of the Subsidiaries are duly formed, validly existing and in good standing under the laws of their respective jurisdictions of formation;
- (b) the Corporation and each of the Subsidiaries have the corporate power and capacity, and have taken all necessary corporate action and obtained all necessary approvals to own and lease their respective property and Assets and to conduct their respective Business, and the Corporation has the corporate power and capacity to enter into and execute this Agreement and to carry out its obligations hereunder;
- (c) the Corporation has duly executed this Agreement and this Agreement constitutes a legal, valid and binding obligation of it enforceable against it in accordance with the Agreement's terms except that (i) enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally; (ii) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court; (iii) rights of indemnity and contribution hereunder may be limited under applicable law; and (iv) a court may stay proceedings before them by virtue of equitable or statutory powers;
- (d) neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated herein will constitute or result in a breach of or default under, or create a state of facts which after notice or lapse of time or both will constitute or result in a breach of or default under, or will otherwise conflict with (i) any of the Corporation's constituting documents or any resolutions of its directors, shareholders or other stakeholders, (ii) any indenture, agreement or instrument to which the Corporation or any of the Subsidiaries is a party or by which it is bound (or otherwise cause a forfeiture of rights or accelerate any performance required thereby), or (iii) to the knowledge of the Vendors, any Applicable Laws or orders, rulings or other judgments or decisions of a court or regulatory authority having jurisdiction over the Corporation;
- (e) the Corporation's authorized capital consists of) one million (1,000,000) Corporation Shares, of which two (2) Corporation Shares are validly issued and outstanding, all of which are held by the Vendors and all in proportions set out in Schedule "A" hereto; all of the issued and outstanding Corporation Shares are fully paid and non-assessable securities in the capital of the Corporation, and the Corporation has not made, declared or authorized any dividend or other distribution on the Corporation Shares or purchased or redeemed or agreed to purchase or redeem any of the Corporation Shares;
- (f) no Person has any right, privilege, option, warrant or agreement, contingent or otherwise, or any of the foregoing capable of become any right, privilege,

option, warrant or agreement, to purchase or otherwise acquire, directly or indirectly, any Corporation Shares, any other shares in the capital of the Corporation from the treasury of the Corporation or any shares in the capital of any of the Subsidiaries other than the Purchaser;

- (g) neither it, nor any of the Subsidiaries, is a party to any shareholders agreement, escrow agreement, pooling agreement, voting trust or similar arrangements or obligations in respect of the Corporation Shares or any other securities of the Corporation or the Subsidiaries;
- (h) except as provided in the Corporation Material Agreements, the Corporation and/or the Subsidiaries are the recorded and beneficial owner of one-hundred percent (100%) of the right, title and interest in and to the Assets with good and marketable title thereto free and clear of any actual, pending, contingent or, to the knowledge of the Vendors, threatened Adverse Interests or any Legal Proceeding challenging or adversely affecting title to such Assets, and other than as expressly set forth herein, no person has any right, privilege, option or agreement, contingent or otherwise, or any of the foregoing capable of becoming any right, privilege, option or agreement, to purchase or otherwise acquire, directly or indirectly, such Assets or any interest or entitlement therein;
- (i) the Assets are all in good working condition adequate for the purpose of carrying on the Business and contain no defects which could have or cause a Material Adverse Effect to the Business, the Corporation, the Subsidiaries or the Assets;
- (j) the Corporation Material Agreements set out an accurate and complete list of all Intellectual Property that is material and necessary for the conduct of the Business as currently conducted, and except as provided in the Corporation Materials Agreements, the Corporation and/or the Subsidiaries have all title, right, interest, ownership and all subsidiary rights in such Intellectual Property, free and clear, to the knowledge of the Vendors, of any actual, pending, contingent or threatened Adverse Interests, including without limitation, any Legal Proceeding challenging or adversely affecting its right to use any such Intellectual Property, and for greater certainty, except as expressly set forth in this Agreement, none of such Intellectual Property is licensed to any other Person or, to the knowledge of the Vendors, infringes any Canadian or United States copyright, trademark or registered patent rights owned or held by any other Person;
- (k) with respect to the Facility, the Corporation and/or the Subsidiaries hold a valid Assignment of Lease for the Facility and the right to enter into sub-leases for the Facility.
- (l) neither the Corporation nor any of the Subsidiaries have any Liabilities, except as set forth in Schedule "B";

- (m) neither the Corporation nor any of the Subsidiaries have guaranteed or otherwise liable for the indemnification, assumption, endorsement or like commitment with respect to the debts, liabilities or obligations (contingent or otherwise) of any other Person;
- (n) the only Contracts to which any of the Corporation and/or the Subsidiaries is a party, or by which the Corporation, the Subsidiaries, the Business and/or the Assets is bound are set forth in Schedule "C" hereto (the "**Corporation Material Agreements**"); and the Corporation Material Agreements constitute a legal, valid and binding obligation of the parties thereto enforceable against them in accordance with the respective Corporation Material Agreement's terms except that (i) enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally; (ii) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court; (iii) rights of indemnity and contribution hereunder may be limited under applicable law; and (iv) a court may stay proceedings before them by virtue of equitable or statutory powers; and neither the execution and delivery of any of the Corporation Material Agreements nor the consummation of the transactions contemplated therein will constitute or result in a breach of or default under, or create a state of facts which after notice or lapse of time or both will constitute or result in a breach of or default under, or will otherwise conflict with:
- (o) the constituting documents of the Corporation and/or the Subsidiaries (as applicable) or any resolutions of their respective directors, shareholders or other stakeholders;
- (p) any indenture, agreement or instrument to which the Corporation and/or the Subsidiaries are a party or by which they are bound; or
- (q) to the knowledge of the Vendors, any Applicable Laws or Orders,
- (r) the Corporation Material Agreements are in full force and effect and in good standing, the Corporation or the Subsidiaries (as applicable) have duly performed and observed their respective obligations under the Corporation Material Agreements and are be entitled to all the rights and benefits thereunder, neither the Corporation, the Subsidiaries nor the other parties to the Corporation Material Agreements are in breach or default of any or their obligations thereunder and, to the knowledge of the Vendors, there exists no state of facts which after notice or lapse of time or both would constitute or result in any such breach or default or otherwise have or cause a Material Adverse Effect to the Corporation, the Subsidiaries, the Business and/or the Assets, and there are no disputes between the Corporation and any other party to the Contracts with respect to the terms and conditions of any such Contracts;
- (s) the business and operations of the Corporation and the Subsidiaries have been conducted in all material respects in compliance with all Applicable

Laws of each jurisdiction in which the Corporation, or the Subsidiaries, owns or leases property or assets or carries on business, in accordance with industry standards and otherwise in a good and workmanlike manner, and to the knowledge of the Vendors, no state of facts exists which would constitute or result in any such violation of any such laws;

- (t) the Corporation and/or the Subsidiaries, has obtained and is in possession of all licenses, permits, registrations, authorizations, approvals, consents and qualifications (“**Corporation Licenses**”) in each jurisdiction in which the nature or conduct of their respective Business or any part thereof or the nature of their respective assets or properties of makes such qualification necessary or desirable to enable their respective Business to be carried on, or to enable their respective assets or properties to be owned, leased, and operated;
- (u) all of the Corporation Licenses are valid and subsisting, and the Corporation and the Subsidiaries operate their respective Business in material compliance with all terms and conditions of the Corporation Licenses, and there are no Legal Proceedings in progress, pending, or to the knowledge of the Vendors, threatened, that could result in the revocation, cancellation or suspension of any Corporation Licenses;
- (v) a complete and accurate list of all employees and consultants of the Corporation and/or the Subsidiaries, and their position, status, length of service, compensation and benefits is set forth in Schedule "D" hereto, and the Corporation and/or the Subsidiaries has fulfilled all requirements under Applicable Laws with respect to all required deductions and withholding of amounts from their respective employees and consultants and have remitted all such deductions and withheld amounts to the appropriate authorities at the prescribed times and has properly accounted for any liabilities to employees and consultants;
- (w) each of the Corporation and the Subsidiaries have fulfilled all requirements under applicable laws with respect to all required deductions and withholding of amounts from their respective employees and consultants and have remitted all such deductions and withheld amounts to the appropriate authorities at the prescribed times;
- (x) neither the Corporation nor the Subsidiaries have any management, employment, consulting, retention or like agreements or arrangements that:
 - (i) are not terminable on the giving of reasonable notice, pay in lieu and or severance pay as prescribed by statute or at common law; or
 - (ii) that provide for any cash payment or other compensation, benefit or entitlement exceeding the aforesaid notice period or upon the consummation of the transactions contemplated by this Agreement;
- (y) neither the Corporation nor the Subsidiaries is subject to any actual, pending, contingent or, to the knowledge of the Vendors, threatened Legal Proceedings;

- (z) neither the Corporation nor the Subsidiaries is insolvent under any applicable laws and there is not any bankruptcy, liquidation, dissolution, winding-up or other similar proposal or proceeding or other Legal Proceeding in progress, pending, contingent or, to the knowledge of the Vendors, threatened by or against, the Corporation or any Subsidiary before any judicial, governmental or administrative body or authority in respect of the foregoing, or in respect of any general assignment, arrangement or compromise with creditors or appointment of a receiver or manager with respect to any of its assets or execution or distress levied upon any of its properties or assets;
- (aa) the Books and Records of the Corporation and the Subsidiaries have been maintained in accordance with all applicable statutory requirements and are complete, accurate and up-to-date in all material respects and contain and accurately record the business, operations, affairs, development and all financial transactions of the Corporation and the Subsidiaries, respectively, and contain complete and accurate copies of its constating documents and all resolutions, minutes of meetings of its directors and shareholders;
- (bb) all notices required to be given to third parties and all Consents required to be obtained or received by each of the Corporation (including any Subsidiaries) and the Vendors in connection with the execution and delivery of this Agreement and the completion of the transactions contemplated herein or to otherwise permit the Purchaser to acquire the Vendors Shares and to carry on the Business after the Closing, is set out forth in Schedule "E";
- (cc) neither the Corporation nor the Vendors has entered into any agreement or arrangement, written or oral, that would entitle any person to any claim against the Corporation for a brokerage or finder fee, commission or other compensation, or any like payment, in respect of this Agreement and the transactions contemplated herein;
- (dd) neither the Corporation, the Subsidiaries, the Vendors, nor any director, officer, employee, agent or other Person acting on behalf of any of the foregoing, has:
 - (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity;
 - (ii) made any direct or indirect unlawful payment to any foreign or domestic Governmental Authorities from corporate funds;
 - (iii) violated or is in violation of any provision of Anti-Corruption Laws;
 - (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment in violation of any Anti-Corruption Laws; or

- (v) employed any government or political official of any country to act on behalf of the Corporation, any Subsidiary and/or the Vendors;
- (ee) no action suit or proceeding by or before any Governmental Authority or any arbitrator involving the Corporation, any Subsidiary and or the Vendors with respect to Anti-Corruption Laws is pending or, to the knowledge of the Vendors, threatened.
- (ff) the business of Corporation and/or the Subsidiaries has been conducted in compliance with applicable Anti-Money Laundering Laws and no action, suit, or proceeding by or before any Governmental Authority or any arbitrator is pending or, to the knowledge of the Vendors, threatened against the Corporation or any Subsidiary;
- (gg) other than the Subsidiaries, the Corporation does not have any other subsidiaries, or equity ownership in any other entity whatsoever, and the Corporation is the registered holder and beneficial owner of all of the outstanding share capital of each of the Subsidiaries; and
- (hh) none of the foregoing representations and warranties and no documents furnished by or on behalf of the Corporation or the Vendors to the Purchaser in connection herewith or hereunder, contains any untrue statement of material fact or omits to state any material fact that the party knew or ought to have known is necessary to make any such representation or warranty not misleading to a prospective purchaser of the Corporation Shares seeking full information as to the Corporation Shares, the Corporation, the Subsidiaries and their respective business and affairs.

3.3 The Purchaser represents and warrants to the Vendors and acknowledges that the Vendors are relying on such representations and warranties, that as of the date of this Agreement and the Closing:

- (a) the Purchaser is duly formed, validly existing and in good standing under the laws of its jurisdictions of formation;
- (b) the Purchaser has the corporate power and capacity and has taken all necessary corporate action and has obtained all necessary approvals to own and lease its property and assets, to conduct its business as presently conducted, and to enter into and execute this Agreement and to carry out its obligations hereunder;
- (c) the Purchaser has duly executed this Agreement and this Agreement constitutes a legal, valid and binding obligation of it enforceable against it in accordance with the Agreement's terms except that (i) enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally; (ii) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court; (iii) rights of indemnity and contribution hereunder may be

limited under applicable law; and (iv) a court may stay proceedings before them by virtue of equitable or statutory powers;

- (d) neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated herein will constitute or result in a breach of or default under, or create a state of facts which after notice or lapse of time or both will constitute or result in a breach of or default under, or will otherwise conflict with (i) any of the Purchaser's constituting documents or any resolutions of its directors, shareholders or other stakeholders, (ii) any indenture, agreement or instrument to which the Purchaser is a party or by which it is bound (or otherwise cause a forfeiture of rights or accelerate any performance required thereby), or (iii) to the knowledge of the Purchaser, any Applicable Laws or orders, rulings or other judgments or decisions of a court or regulatory authority having jurisdiction over the Purchaser; in each case that may result in a Material Adverse Effect;
- (e) the Consideration Shares to be issued by the Purchaser pursuant to this Agreement and the Purchaser Shares issuable upon due exercise of the Performance Warrants (i) have been duly authorized, and, upon issuance, will be validly issued, fully paid and nonassessable, (ii) will not be issued in violation of the certificate of incorporation, articles or other constating documents of the Purchaser, or any agreement, contract, covenant, undertaking, or commitment to which the Purchaser is a party or bound; and (iii) are not subject to any preemptive rights, rights of first refusal or other similar rights; and
- (f) to the knowledge of the Purchaser, the operations of the Purchaser have been conducted in all material respects in compliance with all applicable laws of each jurisdiction in which the Purchaser owns or leases property or assets or carries on business, in accordance with industry standards and otherwise in a good and workmanlike manner, and neither the Purchaser has received any notice of and knows of no state of facts which would constitute or result in any such violation of any such laws.

3.4 The representations and warranties set out forth in sections 3.1 and 3.2, in the case of the Corporation and the Vendors, and section 3.3, in the case of the Purchaser, shall survive the Closing and, notwithstanding any investigation made by or on behalf of a party hereto and the occurrence of the Closing, shall continue in full force and effect for a period of eighteen (18) months following the date hereof (the "**Survival Period**"), and after such period, the Vendors and Purchaser, as applicable, shall not have any further liability hereunder with respect to such representations and warranties except with respect to claims properly made within such period.

4. **Covenants**

4.1 The Vendors shall cooperate with the Purchaser in the preparation of any information circular, listing statement and/or other comprehensive disclosure document (a "**Disclosure Document**") required to be prepared and presented in accordance with applicable securities laws, and the policies of the CSE and any other regulatory

authorities having jurisdiction over all or part of the transactions contemplated by this Agreement. In connection therewith, the Vendors shall provide all necessary information regarding the Corporation and the Subsidiaries reasonably required by the Purchaser in preparing a Disclosure Document or other related documents. The Vendors further understand that one or more of the Corporation's executive officers and/or directors may be required to sign a certificate page attached to a Disclosure Document (and to make all commercially reasonable efforts to also cause its auditors to deliver a consent letter) to the effect that the information in a Disclosure Document with respect to the Corporation and/or the Subsidiaries constitutes full, true and plain disclosure, all as required by the policies of the CSE. The Purchaser shall give reasonable consideration to any comments made by the Vendors and its representatives and advisors in connection with the Disclosure Document.

4.2 The Vendors acknowledge that some or all of the Consideration Shares, the Employment Shares and/or the Purchase Shares issuable upon due exercise of the Performance Warrants may be subject to hold periods and/or escrow requirements as required pursuant to applicable securities laws, and the policies of the CSE and any other regulatory authorities having jurisdiction over all or part of the transactions contemplated by this Agreement, and the Vendors agree to execute any agreements or documents required in that regard.

4.3 The Purchaser and its representatives and advisors will be entitled to make such due diligence investigations of the financial condition, contractual obligations, business affairs and corporate affairs of the Corporation, the Subsidiaries and the Vendors as the Purchaser may deem reasonably necessary or advisable, and the Vendors and the Corporation will provide the Purchaser and its representatives and advisors reasonable access during normal business hours to its management, premises, books and records, and to such information (including any material contracts) as may be reasonably requested by the Purchaser.

4.4 For so long as this Agreement remains in effect (the "**Exclusivity Period**"), each of the Vendors, the Corporation (on its own behalf and on behalf of the Subsidiaries) and the Purchaser agrees that: (a) it will not initiate, and, if applicable, immediately suspend and cease any current, negotiations or other discussions or communications of any nature with any other Person concerning any Alternative Transaction (as defined below); (b) it will immediately cease to provide access to its data sites and other repositories of confidential business information to any Person other than a Party to this Agreement and its representatives and advisors in connection with the transactions contemplated by this Agreement; (c) neither the Vendors, the Purchaser, the Corporation (on its own behalf and on behalf of the Subsidiaries) nor any of their respective representatives, will, directly or indirectly, in any manner, alone or in concert with any third party:

- (a) make, solicit or encourage;
- (b) furnish or cause to be furnished any information to any Persons or entities (other than a Party to this Agreement or its representatives and advisors) in connection with; or
- (c) engage in negotiations or discussions regarding;

any of:

- (d) the acquisition or purchase of any of the voting or equity securities of the Corporation, the Subsidiaries or the Purchaser, as the case may be, or securities convertible into such, except as expressly contemplated by this Agreement;
- (e) any take-over bid, tender offer or exchange offer for voting or equity securities of the Corporation, the Subsidiaries or the Purchaser, as the case may be;
- (f) the acquisition or purchase of all or any significant part of the assets owned by the Corporation, the Subsidiaries or the Purchaser, as the case may be, except as expressly contemplated by this Agreement;
- (g) a change of the management, directors or voting control of the Corporation, the Subsidiaries or the Purchaser, as the case may be, except as expressly contemplated by this Agreement;
- (h) any amalgamation, plan of arrangement, merger or other business combination involving the Corporation, the Subsidiaries or the Purchaser, as the case may be, except as expressly contemplated by this Agreement,

(each, an "**Alternative Transaction**").

4.5 Each of the Parties will provide information (the "**confidential information**") as to its financial condition, business, assets, properties, title and affairs (including material contracts), including information delivered in oral or written format, as may reasonably be requested by the other Party, and such confidential information will be kept strictly confidential by each Party. Confidential information does not include information that:

- (a) becomes generally available to the public, except where the public disclosure is known by the Party seeking to rely on this provision to have resulted from the breach of a confidentiality restriction by the person making the public disclosure;
- (b) was available to a Party or its representatives on a non-confidential basis before the date of this letter agreement; or
- (c) becomes available to a Party or its representatives on a non-confidential basis from a person who is not otherwise bound by confidentiality obligations to the provider of such confidential information or otherwise prohibited from transmitting the confidential information to the Party or its representatives.

No confidential information may be released to third parties without the consent of the provider thereof, except that the Parties agree that they will not unreasonably withhold or delay such consent to the extent that:

- (d) such confidential information is compelled to be released by legal process or must be released to regulatory bodies and/or included in public documents; provided that in such event release of such confidential information will be limited to the minimum disclosure required by law; or
- (e) necessary to facilitate the consummation of the transactions contemplated by this letter agreement.

Upon request by the provider of the confidential information, the other Party will return to the provider, or destroy (subject only to normal course data back-up or archival processes), all documents, including any copies thereof, comprised in the confidential information furnished by the provider, and the recipient of the confidential information will confirm in writing that all confidential information has been returned or destroyed (subject only to normal course data back-up or archival processes), as applicable, provided that one copy of the confidential information may be retained within a receiving Party's legal department for liability defense purposes only. Notwithstanding any such return or destruction of any confidential information, confidential information, including, without limitation, any confidential information retained by a receiving Party, will continue to be subject to this letter agreement. In addition, confidential information that has been prepared by either Party from publicly available information or from information not obtained pursuant to this letter agreement may be retained by the Party that has prepared such information. Each of the Parties hereby agrees that any confidential information received by them will be used only for the purposes of determining whether to proceed with the Strategic Acquisition.

4.6 Each of the Vendors, the Corporation (on its own behalf and on behalf of the Subsidiaries) and the Purchaser agrees that except as and only to the extent required by Applicable Law or any rule of a stock exchange or similar organization to which it is bound, without the prior written consent of the other Party, it will not, and will cause each of its representatives to not, directly or indirectly, make any public comment, statement or communication with respect to, or otherwise disclose or permit the disclosure of the existence of, discussions regarding a possible transaction between the Parties or any of the terms, conditions or other aspects of the transactions proposed in this letter agreement. If such public comment, statement or communication is required by law or rule of a stock exchange or similar organization to which it is bound, the Parties will advise each other, in advance, of any such comment, statement or communication which they propose to make in respect of the transactions contemplated herein, provided that no Party will be prevented from making any disclosure statement which is required to be made by law or any rule of a stock exchange or similar organization to which it is bound. The Party making the public comment, statement or communication will give the other Party reasonable opportunity to review and comment on drafts of the public comment, statement or communication, and such reviewing Party will do so promptly.

4.7 Each of the Parties shall use all reasonable and proper efforts to obtain, where required, Consents of: (i) any governmental authorities having jurisdiction over the transactions contemplated by this Agreement; and (ii) any other Persons whose consent is required to the transactions contemplated by this Agreement.

4.8 Each of the Parties shall fully cooperate with each other and with their respective counsel and accountants in connection with any steps required to be taken as part of their obligations under this Agreement, including the preparation of financial statements and the supplying of information. Without limiting the generality of the foregoing, the Vendors shall co-operate with the Purchaser with respect to the preparation of any financial statements of the Corporation and/or the Subsidiaries that may be required by regulatory authorities or Governmental Authorities in connection with the transactions contemplated by this Agreement.

5. **Business Pending Closing**

5.1 From the date of this Agreement to and including the Closing Date, except as may be first approved by the Purchaser, or as is otherwise permitted or contemplated by this Agreement, each of the Corporation and the Vendors covenant and agree that:

- (a) the Corporation and the Subsidiaries shall conduct their respective businesses only in the usual and ordinary course without the creation of any additional indebtedness;
- (b) no change shall be made in the shareholders or the authorized capitalization of the Corporation or the Subsidiaries;
- (c) no shares of capital stock or other securities of the Corporation or the Subsidiaries shall be authorized for issuance or issued and no agreement or commitment for the issuance thereof shall be entered into by the Corporation, the Subsidiaries or the Vendors;
- (d) no rights or elections shall be created or granted to purchase stock under any employee stock bonus, thrift, or purchase plan or otherwise of the Corporation or the Subsidiaries;
- (e) no modification shall be made in the Corporation's or any of the Subsidiaries' policies in regard to the payment of salaries or compensation to its personnel and no increase shall be made in the compensation of its personnel;
- (f) no contract, agreement, commitment or understanding shall be entered into by or on behalf of the Corporation or the Subsidiaries, and no sale or purchase of assets shall be made by or on behalf of the Corporation or the Subsidiaries; and
- (g) the Corporation and the Subsidiaries will use all reasonable and proper efforts to preserve their respective business organizations intact.

6. **Conditions of Closing**

6.1 The Vendors shall not be obligated to complete the sale of the Vendors Shares pursuant to this Agreement and the other transactions contemplated herein, unless each of the conditions listed below is satisfied at or before the Closing Time, it being

understood that the said conditions are included for the exclusive benefit of the Vendors and the Vendors may waive any of the said conditions in whole or in part in writing:

- (a) the representations and warranties of the Purchaser in this Agreement shall be true and correct in all material respects as at the Closing Time;
- (b) the covenants and conditions of the Purchaser to be performed and observed in this Agreement prior to or at Closing shall have been performed and observed in all material respects;
- (c) the Corporation having entered into employment agreements, substantially in the forms attached as Schedule "F" hereto, with each of the Vendors, pursuant to which Gorodnitsky will be appointed to act as President of the Corporation for a period of two years from the Closing Date and Colwell will be appointed to act as Chief Executive Officer of the Corporation for a period of two years from the Closing Date, and pursuant to which the Employment Shares shall be issuable;
- (d) the Purchaser having entered into an ancillary rights agreement with the Vendors, pursuant to which the Vendors will be entitled to appoint or elect an aggregate of three nominees to the board of directors of the Purchaser at any annual general meeting of shareholders of the Purchaser held during a period of three years from the Closing Date;
- (e) the Purchaser filing a long form prospectus (the "**Prospectus**") with the Canadian securities regulators in connection with a listing of the Purchaser's Shares (the "**Listing**") on CSE, and obtaining a final receipt for the Prospectus from Canadian securities regulators in each jurisdiction in which the Purchaser Shares have been sold;
- (f) the receipt by the Purchaser of all required shareholder and regulatory approvals in connection with Prospectus and the Listing, including, without limitation, the conditional approval of the CSE for the Listing and the relevant listing documents having been accepted for filing with the CSE; and
- (g) the issuance to the Vendors of the Consideration Shares and the Performance Warrants;
- (h) the receipt of any Consents contemplated by this Agreement or otherwise necessary for this Agreement and the completion of the transactions contemplated herein, and all such approvals being in full force and effect;
- (i) no Order shall have been entered that prohibits or restricts the Closing. None of the parties to this Agreement (including the Vendors), nor any of their respective directors, officers, employees or agents, shall be a defendant in or third party to or threatened with any litigation or proceedings before any court or Government Authority which, in the opinion of the Vendors, acting reasonably, could prevent or restrict that Party from

performing any of its obligations in this Agreement or any closing document;
and

- (j) receipt by the Vendors of the closing deliverables listed in section 7.3.

6.2 The Purchaser shall not be obligated to complete the purchase of the Vendors Shares pursuant to this Agreement and the other transactions contemplated herein, unless each of the conditions listed below is satisfied, it being understood that the said conditions are included for the exclusive benefit of the Purchaser:

- (a) the representations and warranties of the Vendors and the Corporation in this Agreement shall be true and correct in all material respects as at the Closing Times;
- (b) the covenants and conditions of the Vendors and the Corporation to be performed and observed in this Agreement prior to or at Closing shall have been performed and observed in all material respects;
- (c) the receipt of any Consents contemplated by this Agreement or otherwise necessary for this Agreement and the completion of the transactions contemplated herein, in form and content and upon such conditions, if any, acceptable to the Purchaser, and all such approvals being in full force and effect;
- (d) since the date of this Agreement, there shall not have occurred a Material Adverse Effect on the Business, the Corporation, the Subsidiaries or the Assets;
- (e) no Order shall have been entered that prohibits or restricts the Closing. None of the parties to this Agreement (including the Purchaser), nor any of their respective directors, officers, employees or agents, shall be a defendant in or third party to or threatened with any litigation or proceedings before any court or Government Authority which, in the opinion of the Purchaser, acting reasonably, could prevent or restrict that Party from performing any of its obligations in this Agreement or any closing document;
- (f) the Purchaser filing the Prospectus and obtaining a final receipt for the Prospectus from Canadian securities regulators in each jurisdiction in which the Purchaser Shares have been sold;
- (g) the receipt by the Purchaser of all required shareholder and regulatory approvals in connection with Prospectus and the Listing, including, without limitation, the conditional approval of the CSE for the Listing and the relevant listing documents having been accepted for filing with the CSE; and
- (h) the Board of Directors of the Corporation shall have approved the transfer of the Corporation Shares contemplated in this Agreement, in accordance with the Articles of the Corporation;

- (i) the results of the Purchaser's due diligence investigations shall be satisfactory to the Purchaser, in its sole determination;
- (j) each of the Vendors shall have duly completed the CSE Form 3 Personal Information Form; and
- (k) receipt by the Purchaser of the closing documents listed in section 7.2.

7. **Closing**

7.1 The Closing shall take place at the offices of counsel to the Purchaser, at the Closing Time on the date that is five Business Days following the satisfaction of the conditions set forth in Section 6.1(e), Section 6.1(f), Section 6.2(f) and Section 6.2(g), or such later time and date as may be agreed by the Parties, such agreement not to be unreasonably withheld.

7.2 At Closing, the Vendors and the Corporation shall deliver or cause to be delivered to the Purchaser the following documents:

- (a) certified copy of the resolutions of the Corporation authorizing this Agreement and the transactions contemplated herein and hereby;
- (b) a certificate signed by a senior officer of the Corporation and by each of the Vendors confirming that:
 - (i) all representations and warranties of the Vendors and the Corporation contained herein are true and correct as of the Closing Date;
 - (ii) all covenants and conditions of the Vendors and the Corporation to be performed and observed in this Agreement prior to or at Closing have been performed; and
 - (iii) since the date of this Agreement, there has not occurred a Material Adverse Effect on the Business, the Corporation, the Subsidiaries or the Assets;
- (c) the minute books of the Corporation and the Subsidiaries;
- (d) certificates representing the Vendors Shares owned by the Vendors duly endorsed for transfer to the Purchaser;
- (e) a certificate representing the Vendors Shares, duly registered in the name of the Purchaser; and
- (f) such other documents and instruments in connection with the Closing as may be reasonably requested by the Purchaser.

7.3 At Closing, the Purchaser shall deliver or cause to be delivered to the Vendors the following documents:

- (a) certified copy of the resolutions of the Purchaser authorizing this Agreement and the transactions contemplated herein and hereby;
- (b) a certificate signed by a senior officer of the Purchaser confirming that:
 - (i) all representations and warranties of the Purchaser contained herein are true and correct as of the Closing Date; and
 - (ii) all covenants and conditions of the Purchaser to be performed and observed in this Agreement prior to or at Closing have been performed;
- (c) certificates representing the Consideration Shares and the Performance Warrants; and
- (d) such other documents and instruments in connection with the Closing as may be reasonably requested by the Vendors.

8. **Termination**

8.1 This Agreement may, by notice in writing given prior to or on the Closing Date, be terminated:

- (a) by mutual consent of the Purchaser and the Vendors;
- (b) by the Vendors if any of the conditions in Section 6.1 have not been satisfied at or prior to Closing and the Vendors have not waived such condition at or prior to Closing;
- (c) by the Purchaser if any of the conditions in Section 6.2 have not been satisfied at or prior to Closing and the Purchaser has not waived such condition at or prior to Closing;
- (d) by either the Purchaser, on the one hand, or the Vendors, on the other hand, if the Closing shall not have occurred on or before the Outside Date, except that the right to terminate this Agreement under this Section 8.1(d) shall not be available to any Party whose failure to fulfill any of its obligations has been the cause of, or resulted in, the failure of the Closing to occur by such date; or
- (e) by either the Purchaser, on the one hand, or the Vendors, on the other hand, if there has been a material breach of this Agreement by either Purchaser, on the one hand, or the Vendors and/or the Corporation, on the other hand, and such breach has not been waived by the non-breaching Party.

9. **Purchaser Indemnification**

9.1 Each of the Vendors and the Corporation will severally indemnify and save harmless, the Purchaser, each of its Affiliates and each of their respective shareholders, officers, directors, employees and agents (collectively, the “**Purchaser Indemnified**”

Parties” and each of them, a **“Purchaser Indemnified Party”**), from and against any and all claims for Damages which may be made, asserted or brought against any of the Purchaser Indemnified Parties or which any of the Purchaser Indemnified Parties may suffer or incur as a result of, in respect of or arising out of:

- (a) any breach or inaccuracy of a representation or warranty of the Vendors or the Corporation set forth in this Agreement; it being understood that, for purposes of determining the accuracy of any such representations or warranties and the Damages as a result of, in respect of or arising out of any breach or inaccuracy, all “material”, “materiality”, “in all material respects” and “Material Adverse Effect” qualifications contained in such representations will be disregarded;
- (b) any breach of any covenant or agreement of the Vendors or the Corporation in this Agreement; and
- (c) all liabilities or obligations of the Corporation for Taxes for (i) any taxable period ending on or before the Closing Date, and (ii) the portion of any taxable period ending at the close of business on the Closing Date.

10. **Vendors Indemnification**

10.1 The Purchaser will indemnify and hold harmless the Vendors, each of their respective Affiliates and each of their respective shareholders, officers, directors, employees, agents (collectively, **“Vendor Indemnified Parties”** and each of them, a **“Vendor Indemnified Party”**) from and against all claims for Damages the Vendor Indemnified Parties may suffer or incur in any way relating to, arising out of, or resulting, directly or indirectly, from:

- (a) any breach or inaccuracy of a representation or warranty of the Purchaser set forth in this Agreement; and
- (b) any breach of any covenant or agreement of the Purchaser set forth in this Agreement.

11. **No Effect of Knowledge**

11.1 The right to indemnification or other remedy of any Party based on the representations, warranties, covenants, agreements and obligations contained in this Agreement exists notwithstanding the Closing and notwithstanding any investigation or knowledge acquired prior to the Closing.

12. **Survival of Representations, Warranties, Covenants and Obligations**

12.1 The representations, warranties, covenants, and obligations contained in or made pursuant to this Agreement will survive the execution and delivery of this Agreement and the Closing and will continue indefinitely thereafter.

13. **Notices**

13.1 Any notice, communication, instrument or document required or permitted to be given under this Agreement shall be in writing and may be given by personal delivery, pre-paid, certified or registered mail, or by email or other similar form of communication (in each case with electronic confirmed receipt), addressed as follows:

(a) If to the Corporation or the Vendors at:

[REDACTED]

With a copy to:

[REDACTED]

(b) If to the Purchaser at:

[REDACTED]

With a copy to:

[REDACTED]

and such shall be deemed to have been given (i) if effected by personal delivery, or telecommunication, facsimile or other similar form of communication (with electronic confirmed receipt), at the time of delivery or electronic confirmed receipt unless such occurs after the recipient's customary business hours in which case it shall be deemed to have been given on the next Business Day; and (ii) if effected by mail, on the fourth Business Day after mailing excluding all days on which postal service is disrupted.

13.2 A Party may at any time in the above manner give notice to the other Parties of any change of address and after the giving of such notice the address or addresses specified will be the address of such Party for the purpose of giving notice hereunder.

14. **Expenses**

14.1 Each of the Parties hereto shall bear all expenses incurred by such Party in connection with the preparation and fulfillment of this Agreement, including but not limited to the fees and expenses of their legal counsel, accountants, financial and investment advisors, brokers and finders.

15. **General**

15.1 This Agreement (including the Schedules thereto, and all other agreements contemplated to be delivered hereunder) constitutes the entire agreement among the parties and replaces and supersedes all prior agreements, memoranda, correspondence, communications, negotiations and representations, whether oral or written, express or implied, statutory or otherwise among the parties with respect to the

subject matter herein. There are no implied covenants contained in this Agreement other than those of good faith and fair dealing.

15.2 The Parties shall from time to time prior to or after Closing execute and deliver any and all such instruments and other documents and perform any and all such acts and other things as may be necessary or desirable to carry out the intent of this Agreement.

15.3 Any amendments hereto or waivers in respect hereof shall only be effective if made in writing and executed by the Parties thereto. No waiver shall constitute a waiver of any other provision or act as a continuing waiver unless such is expressly provided for.

15.4 Time is of the essence of this Agreement. Any failure to exercise any rights provided for hereunder shall not, in the absence of a waiver in accordance with the terms hereof, affect the subsequent enforcement of such right.

15.5 The invalidity or unenforceability of any provision hereof shall not affect or impair the validity or enforceability of the remainder of the Agreement or any other provision hereof. In the event that any provision hereof is invalid or unenforceable in a given jurisdiction, that shall not affect the validity or enforceability of the provision in any other jurisdiction. The courts shall have the power to modify this Agreement, in a manner consistent with the intent of the parties, in order to limit the application of any such offensive provision to the maximum extent permitted by law.

15.6 This Agreement and any rights herein or hereto shall not be assigned or otherwise transferred by any Party hereto without the express written consent of the other Parties hereto. This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns.

15.7 This Agreement shall be exclusively governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein. For the purposes of all legal proceedings, this Agreement shall be deemed to have been made and performed in the Province of British Columbia, and the Parties hereby irrevocably agree that the courts of the Province of British Columbia shall have exclusive jurisdiction to entertain any action arising under this Agreement.

15.8 This Agreement may be executed and delivered in two or more counterparts and by electronic delivery. Each such counterpart, and electronically delivered copy shall be deemed to form one and the same and an originally executed instrument, bearing the date set forth on the face page hereof notwithstanding the date of execution or delivery.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

1166858 B.C. Ltd

New Leaf USA, INC.

Per: (signed) "Michael Stier"
Michael Stier, President

Per: (signed) "Robert D. Colwell"
Robert D. Colwell, CEO

Signed by **BORIS GORODNITSKY** in
the presence of:

Signature of witness

Print name of witness

Address of witness

)
)
)
) (signed) "Boris Gorodnitsky"
) Signature of Vendor
)
) BORIS GORODNITSKY
) Print name of Vendor
)
)
)

Signed by **ROBERT D. COLWELL** in
the presence of:

Signature of witness

Print name of witness

Address of witness

)
)
)
) (signed) "Robert D. Colwell"
) Signature of Vendor
)
) ROBERT D. COLWELL
) Print name of Vendor
)
)
)

[SIGNATURE PAGE TO THE SHARE PURCHASE AGREEMENT]

SCHEDULE "A"

LIST OF VENDORS

Name	Address	No. of Corporation Shares held	No. of Consideration Shares to be received	No. of Performance Warrants
Boris Gorodnitsky	[REDACTED]	1	4,500,000	2,000,000
Robert Colwell	[REDACTED]	1	4,500,000	2,000,000
TOTAL		2	9,000,000	4,000,000

SCHEDULE "B"

LIST OF LIABILITIES

Equipment Promissory Note dated June 27, 2019

Intellectual Property Promissory Note dated June 27, 2019

SCHEDULE "C"

LIST OF CORPORATION MATERIAL AGREEMENTS

[REDACTED]

SCHEDULE "D"

LIST OF EMPLOYEES

Robert Colwell, Chief Executive Officer, New Leaf USA, Inc.
Boris Gorodnitsky, President, New Leaf USA, Inc.

SCHEDULE "E"

LIST OF CONSENTS

None.

SCHEDULE "F"
FORM OF EMPLOYMENT AGREEMENT

[REDACTED]

SCHEDULE "G"

FORM OF PERFORMANCE WARRANT

[REDACTED]