

## SHARE EXCHANGE AGREEMENT

**THIS SHARE EXCHANGE AGREEMENT** is made effective the 15<sup>th</sup> day of March, 2021.

### AMONG:

#### **GREENRIDEZ 3.0 ACQUISITIONS CORP.,**

a corporation existing under the laws of the Province of British Columbia, having a registered office at Bentall 3, Suite 2900, 595 Burrard Street, P.O. Box 49130, Vancouver, British Columbia, V7X 1J5

(hereinafter referred to as the “**Purchaser**”)

- and -

#### **PHARMALA BIOTECH INC.,**

a corporation existing under the laws of the Province of British Columbia, having an office at 1055 West Georgia Street, 1500 Royal Centre, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7

(hereinafter referred to as “**PharmAla**”)

-and-

The common shareholders of PharmAla listed in the attached Schedule “A” (which shareholders, together, if applicable, with any persons that become shareholders of PharmAla prior to Closing, the “**Shareholders**”, and individually as, a “**Shareholder**”)

### WHEREAS:

- A. The Shareholders are collectively the legal and beneficial owners of all of the issued and outstanding common shares (the “**PharmAla Shares**”) in the capital of PharmAla;
- B. The Purchaser has agreed to purchase all of the outstanding PharmAla Shares (the “**Transaction**”) in exchange for common shares of the Purchaser on the terms and conditions set forth in this Agreement; and
- C. The Shareholders who have executed this Agreement have agreed to the Transaction.

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

## ARTICLE 1 INTERPRETATION

### 1.01 Definitions

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

- (a) “**Agreement**” means this share exchange agreement as the same may be supplemented or amended from time to time;
- (b) “**Alternative Transaction**” means any of the following (and excludes the transactions contemplated by this Agreement): (a) any merger, amalgamation, arrangement, share exchange, take-over bid, tender offer, recapitalization, consolidation or other business combination directly or indirectly involving PharmAla or the Purchaser, or any analogous transaction; (b) any acquisition of all or substantially all of the assets of PharmAla or the Purchaser (or any lease, long-term supply agreement, exchange, mortgage, pledge or other arrangement having a similar economic effect); (c) any acquisition of beneficial ownership of 50% or more of PharmAla’s or the Purchaser’s common shares in a single transaction or a series of related transactions; (d) any acquisition by PharmAla or the Purchaser of any assets or capital stock of another person (other than acquisitions of capital stock or assets of any other person that are not, individually or in the aggregate, material to PharmAla or the Purchaser); or (e) any bona fide proposal to, or public announcement of an intention to, do any of the foregoing on or before the Termination Date;
- (c) “**Applicable Laws**” means all applicable rules, policies, notices, orders and legislation of any kind whatsoever of any Governmental Authority having jurisdiction over the transactions contemplated hereby;
- (d) “**Books and Records**” means all technical, business and financial records, financial books and records of account, books, data, reports, files, lists, drawings, plans, logs, briefs, customer and supplier lists, deeds, certificates, contracts, surveys, title opinions or any other documentation and information in any form whatsoever (including written, printed, electronic or computer printout form) relating to a corporation and its business;
- (e) “**Business Day**” means a day which is not a Saturday, Sunday or a statutory holiday in the Province of British Columbia;
- (f) “**Closing**” means the completion of the Transaction in accordance with the terms and conditions of this Agreement;
- (g) “**Closing Date**” means the date of Closing, which shall be the third Business Day following the satisfaction or waiver of all conditions to the obligations of the parties to consummate the Transaction (other than conditions that are satisfied with respect

to actions the respective parties will take at the Closing itself), or earlier or later date as the Purchaser and PharmAla may mutually determine;

- (h) “**Common Shares**” means common shares without par value in the capital of the Purchaser;
- (i) “**Contracts**” (individually, a “**Contract**”) means all written or oral outstanding contracts and agreements, leases (including the real property leases), third-party licenses, insurance policies, deeds, indentures, instruments, entitlements, commitments, undertakings and orders made by or to which a party is bound or under which a party has, or will have, any rights or obligations and includes rights to use, franchises, license and sub-licenses agreements and agreements for the purchase and sale of assets or shares;
- (j) “**Corporate Records**” means the corporate records of a corporation, including (i) its articles, notice of articles or other constating documents, any unanimous shareholders agreement and any amendments thereto; (ii) all minutes of meetings and resolutions of shareholders, directors and any committee thereof; (iii) the share certificate books, register of shareholders, register of transfers and registers of directors and officers; and (iv) all accounting records;
- (k) “**CSE**” means the Canadian Securities Exchange, operated by the CNSX Markets Inc.;
- (l) “**Disclosed**” means, in the case of the Shareholders and PharmAla, fairly disclosed in writing to the Purchaser prior to the date of this Agreement (with sufficient details to identify the nature and scope of the matter disclosed), and, in the case of the Purchaser, fairly disclosed in writing to PharmAla prior to the date of this Agreement (with sufficient details to identify the nature and scope of the matter disclosed);
- (m) “**Governmental Authority**” means any (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, commission, board or agency, domestic or foreign, or (b) regulatory authority, including any securities commission, or stock exchange, including the CSE;
- (n) “**IP**” means any and all intellectual property or proprietary rights arising at law or in equity, including, without limitation, (i) patents, all patent rights and all patent rights and all applications therefor and all reissues, re-examinations, continuations, continuations- in-part, divisions, and patent term extensions thereof, (ii) inventions (whether patentable or not), discoveries, improvements, concepts, innovations and industrial models, (iii) registered and unregistered copyrights, copyright registrations and applications, mask works and mask work registrations and applications therefor, author’s rights and works of authorship, (iv) URLs, web sites, web pages and any part thereof, (v) technical information, know-how, trade secrets, drawings, designs, design protocols, specifications, proprietary data, customer lists,

databases, proprietary and manufacturing processes, technology, formulae, and algorithms, (vi) trade names, trade dress, trademarks, domain names, service marks, logos, business names, and registrations and applications therefor, (vii) industrial designs or design patents, whether or not patentable or registrable, patented or registered or the subject of applications for registration or patent or registration and all rights of priority, applications, continuations, continuations-in-part, divisions, re-examinations, reissues and other derivative applications and patents therefor, (viii) licenses, contacts and agreements otherwise relating to the IP, and (ix) the goodwill symbolized or represented by the foregoing;

- (o) “**laws**” means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or any provisions of the foregoing, including general principles of common and civil law and equity, binding on or affecting the person referred to in the context in which such word is used; and “**law**” means any one of them;
- (p) “**Lien**” means any mortgage, encumbrance, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or any other arrangement or condition, which, in substance, secures payment, or performance of an obligation;
- (q) “**Material Adverse Effect**” means (i) any change, effect, fact, circumstance or event which, individually or when taken together with any other changes, effects, facts, circumstances or events, could reasonably be expected to be materially adverse to the assets, liabilities, condition (financial or otherwise), business, properties or results of operation of the Purchaser or PharmAla, as applicable, or (ii) a material impairment of or delay in the ability of the parties (or any one of them) to perform their obligations hereunder or consummate the Transaction;
- (r) “**Material Contract**” means any Contract to which a person is a party and which is material to such person, including any Contract: (i) the termination of which would have a Material Adverse Effect on such person; (ii) any contract which would result in payments to or from such person or its subsidiaries (if any) in excess of \$10,000, whether payable in one payment or in successive payments; (iii) any agreement or commitment relating to the borrowing of money or to capital expenditures; and (iv) any agreement or commitment not entered into in the ordinary course of business;
- (s) “**material fact**” shall have the meaning ascribed to it in the *Securities Act* (British Columbia);
- (t) “**Non-Offering Prospectus**” means the non-offering prospectus of the Purchaser pertaining to the listing of the Common Shares on the CSE in accordance with CSE policies subsequent to the Closing;

- (u) “**Payment Shares**” has the meaning set forth in Section 2.02;
- (v) “**person**” includes an individual, sole proprietorship, partnership, limited partnership, unincorporated association or organization, unincorporated syndicate, body corporate, trust, trustee, executor, administrator, legal representative of the Crown or any agency or instrumentality thereof;
- (w) “**PharmAla Material Contracts**” has the meaning set forth in Section 6.03(i);
- (x) “**PharmAla Shares**” has the meaning set forth in the recitals of this Agreement;
- (y) “**Purchased Shares**” means all of the PharmAla Shares purchased by the Purchaser pursuant to this Agreement;
- (z) “**Purchaser Board**” means the board of directors of the Purchaser;
- (aa) “**Regulation S**” means Regulation S under the U.S. Securities Act;
- (bb) “**Shareholders**” has the meaning set forth in the preamble;
- (cc) “**Securities Laws**” means the securities legislation having application, the regulations and rules thereunder and all administrative policy statements, instruments, blanket orders, notices, directions and rulings issued or adopted by the applicable securities regulatory authority, all as amended;
- (dd) “**Shareholders**” and “**Shareholder**” have the respective meanings set forth in the first page of this Agreement;
- (ee) “**Tax**” means any tax, impost, levy, withholding, duty, fee, premium, assessment and other charge of any kind, however denominated and any instalment or advance payment in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Authority, including for greater certainty any income, gain or profit tax (including federal, state, provincial and territorial income tax), payroll and employee withholding tax, employment or payroll tax, unemployment insurance, disability tax, social insurance tax, social security contribution, sales and use tax, consumption tax, customs tax, ad valorem tax, excise tax, goods and services tax, harmonized sales tax, franchise tax, gross receipts tax, capital tax, business license tax, alternative minimum tax, estimated tax, abandoned or unclaimed (escheat) tax, occupation tax, real and personal property tax, stamp tax, environmental tax, transfer tax, severance tax, workers’ compensation, Canada and other government pension plan premium or contribution and other governmental charge, and other obligations of the same or of a similar nature to any of the foregoing, together with any interest, penalties or other additions to tax that may become payable in respect of such tax, and any interest in respect of such interest, penalties and additions whether disputed or not, and “**Taxes**” has a corresponding meaning;
- (ff) “**Tax Act**” means the *Income Tax Act* (Canada);

- (gg) “**Tax Return**” means all returns, declarations, designations, forms, schedules, reports, elections, notices, filings, statements (including withholding tax returns and reports and information returns and reports) and other documents of every nature whatsoever filed or required to be filed with any Governmental Authority with respect to any Tax together with all amendments and
- (hh) “**Termination Date**” means April 5, 2021 or such later date as may be agreed in writing between the Purchaser and PharmAla;
- (ii) “**Time of Closing**” means 10:00 a.m. (Vancouver time) on the Closing Date, or such other time as the parties may mutually determine;
- (jj) “**Transaction**” has the meaning set forth in the recitals of this Agreement;
- (kk) “**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
- (ll) “**U.S. Person**” means a U.S. person as defined in Rule 902(k) of Regulation S under the U.S. Securities Act;
- (mm) “**U.S. Securities Act**” means the United States Securities Act of 1933, as amended;
- (nn) “**U.S. Shareholder**” means (i) a U.S. Person, (ii) any person who receives or received an offer of the Payment Shares while in the United States; (iii) any person acquiring the Payment Shares on behalf of, or for the account or benefit of any U.S. Person or any person in the United States, or (iv) any person who is or was in the United States at the time when such person executed or delivered this Share Exchange Agreement.

## **1.02 Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.

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

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

## **1.04 Number, etc.**

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

### **1.05 Date for Any Action**

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

### **1.06 Statutory References**

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

### **1.07 Accounting Principles**

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be the International Financial Reporting Standards or the Canadian generally accepted accounting principles, as applicable, approved by the International Accounting Standards Board or the Canadian Institute of Chartered Accountants, as the case may be, or any successor thereto, applicable as at the date on which a calculation is made or required to be made in accordance with generally accepted accounting principles.

### **1.08 Knowledge**

- (a) Any reference herein to “the knowledge of the Purchaser” (or similar expressions) will be deemed to mean the actual knowledge of any director or executive officer of the Purchaser, together with the knowledge such person would have had if they had conducted a diligent inquiry into the relevant subject matter.
- (b) Any reference herein to “the knowledge of PharmAla” (or similar expressions) will be deemed to mean the actual knowledge of Nicholas Kadysh, President and Secretary of PharmAla, together with the knowledge such person would have had if they had conducted a diligent inquiry into the relevant subject matter.
- (c) Any reference herein to “the knowledge of the Shareholder” (or similar expressions) will be deemed to mean the actual knowledge of the applicable Shareholder.

### **1.09 Schedules**

The schedules to this Agreement, listed below, are an integral part of this Agreement, and must be completed and attached before the Closing Date for this Agreement to be fully-integrated and thereafter enforceable by or against any party:

<b><u>Schedule</u></b>	<b><u>Description</u></b>
------------------------	---------------------------

Schedule “A”	Shareholders of PharmAla
--------------	--------------------------

## **ARTICLE 2 PURCHASE AND SALE OF PURCHASED SHARES**

### **2.01 Purchase and Sale**

Subject to the terms and conditions hereof, each of the Shareholders covenants and agrees, on its own behalf, to sell, assign and transfer to the Purchaser and the Purchaser covenants and agrees to purchase from the Shareholders, the number of Purchased Shares which are beneficially owned by such Shareholder at the Time of Closing. As of the date of this Agreement, the number of Purchased Shares which are beneficially owned by each Shareholder is the number set forth opposite the name of such Shareholder as set out in Schedule "A" attached hereto.

At the Time of Closing, the Shareholders shall exchange the Purchased Shares held by such Shareholder for Common Shares, and the Purchased Shares so exchanged shall be deemed immediately cancelled. In consideration for the exchange by the Shareholders of each Purchased Share, the Shareholders shall receive from the Purchaser one Common Share for each Purchased Share so exchanged.

In addition, for greater certainty, if any Shareholder may acquire any additional PharmAla Shares (for example, from another Shareholder that might not be a party to this Agreement, or with the consent of the Purchaser), such additional PharmAla Shares so acquired shall form part of the Purchased Shares and the applicable Shareholder covenants and agrees to sell, assign and transfer to the Purchaser and the Purchaser covenants and agrees to purchase from such Shareholder the additional PharmAla Shares held by such Shareholder so acquired, in addition to the Purchased Shares described in Schedule "A".

### **2.02 Purchase Price**

In consideration for the acquisition of the PharmAla Shares, the Purchaser shall issue from treasury to the Shareholders *pro rata* in proportion to their holdings of Purchased Shares at the Time of Closing, an aggregate of 40,000,000 Common Shares, free and clear of any encumbrances (the "**Payment Shares**"). To the extent a PharmAla Shareholder is to receive a fractional Payment Share, that entitlement shall be rounded down to the nearest whole number and no consideration shall be payable therefore. The Payment Shares are being issued at a deemed value of \$0.05 per Payment Share.

### **2.03 Tax Election**

The Purchaser agrees that, at the request and expense of any Shareholder who is resident in Canada for the purposes of the Tax Act, the Purchaser shall jointly elect with the Shareholder for the provisions of subsection 85(1) or (2) of the Tax Act and any equivalent provision under provincial legislation (each a "**Tax Election Provision**") to apply to the Purchased Shares acquired by the Purchaser from the Shareholder. In order to make any such election, the Shareholder shall prepare any prescribed election form (each a "**Tax Election Form**") and deliver any such Tax Election Form to the Purchaser within 90 days of the Closing Date. Upon receipt, the Purchaser shall sign the Tax Election Form and deliver a copy of the Tax Election Form to the Shareholder by mail using the address that the Shareholder provided to the Purchaser in the Tax Election Form within 30 days of receipt thereof. It shall be the sole responsibility of the Shareholder making the



request to file the Tax Election Form with the Canada Revenue Agency or relevant provincial Governmental Authority. The Purchaser shall not be liable for any damages arising to a Shareholder for a late filing of a Tax Election Form or any errors or omissions on a Tax Election Form.

Notwithstanding anything contained in this Agreement, the Purchaser does not assume and shall not be liable for any taxes under the Tax Act or under provincial legislation or any other amount whatsoever which may be or become payable by Shareholders including, without limiting the generality of the foregoing, any Tax resulting from or arising as a consequence of the sale by Shareholders to the Purchaser of the Purchased Shares herein contemplated, or the availability (or lack thereof) of any Tax Election Provision, or the content or impact of any election made under any Tax Election Provision.

#### **2.04 Restrictions on Resale**

Each of the Shareholders acknowledges and agrees as follows:

- (a) the cancellation of the Purchased Shares and the issuance of the Payment Shares in exchange therefor will be made pursuant to appropriate exemptions, including (but not limited to) the take-over bid prospectus exemption under National Instrument 45-106 – *Prospectus Exemptions* (the “**Exemptions**”) from any applicable take-over bid and registration and prospectus (or equivalent) requirements of the Securities Laws;
- (b) as a consequence of acquiring the Payment Shares pursuant to the Exemptions:
  - (i) the Shareholder will be restricted from using certain of the civil remedies available under the Securities Laws;
  - (ii) the Shareholder may not receive information that might otherwise be required to be provided to the Shareholder, and the Purchaser is relieved from certain obligations that would otherwise apply under Securities Laws if the Exemptions were not being relied upon by the Purchaser;
  - (iii) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Payment Shares;
  - (iv) there is no government or other insurance covering the Payment Shares; and
  - (v) an investment in the Payment Shares is speculative and of high risk;
- (c) the certificates representing the Payment Shares will bear such legends as required by Securities Laws and the policies of the CSE, if applicable, and it is the responsibility of the Shareholder to find out what those restrictions are and to comply with them before selling the Payment Shares; and

- (d) the Shareholder is knowledgeable of, or has been independently advised as to, the Applicable Laws of that jurisdiction which apply to the sale of the Purchased Shares and the issuance of the Payment Shares and which may impose restrictions on the resale of such Payment Shares in that jurisdiction and it is the responsibility of the Shareholder to find out what those resale restrictions are, and to comply with them before selling the Payment Shares.

## **2.05 Disclosure Document**

- (a) Promptly after the execution of this Agreement, the Purchaser and PharmAla will jointly prepare a Non-Offering Prospectus together with any other documents that may be required by applicable Securities Laws and other Applicable Laws and the rules and policies of the CSE in connection with the intended listing of the Common Shares on the CSE.
- (b) The Purchaser represents and warrants that the Non-Offering Prospectus will comply in all material respects with all Applicable Laws, and, without limiting the generality of the foregoing, that the Non-Offering Prospectus will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that the Purchaser will not be responsible for the accuracy of any information relating to PharmAla that is furnished in writing by PharmAla for inclusion in the Non-Offering Prospectus).
- (c) PharmAla represents and warrants that any information or disclosure relating to PharmAla that is furnished in writing by PharmAla for inclusion in the Non-Offering Prospectus will comply in all material respects with all Applicable Laws, and, without limiting the generality of the foregoing, that the Non-Offering Prospectus will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that PharmAla will not be responsible for the accuracy of any information relating to the Purchaser).
- (d) PharmAla, the Purchaser and their respective legal counsel will be given a reasonable opportunity to review and comment on drafts of the Non-Offering Prospectus and other documents related thereto and to the Transaction, and reasonable consideration will be given to any comments made by PharmAla, the Purchaser and their respective counsel, provided that all information relating solely to the Purchaser included in the Non- Offering Prospectus will be in form and content satisfactory to the Purchaser, acting reasonably, and all information relating solely to PharmAla included in the Non- Offering Prospectus will be in form and content satisfactory to PharmAla, acting reasonably.
- (e) The Purchaser and PharmAla will promptly notify each other if at any time before the date of filing in respect of the Non-Offering Prospectus, either party becomes

aware that the Non-Offering Prospectus contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise require an amendment or supplement to the Non-Offering Prospectus and the parties will cooperate in the preparation of any amendment or supplement to such documents, as the case may be, as required or appropriate.

### **ARTICLE 3 CHANGE IN DIRECTORS OF PURCHASER**

#### **3.01 New Directors of the Purchaser**

Effective at Closing, the Purchaser shall cause the Purchaser Board to be restructured, through resignations and appointments, so that it shall consist of the following individuals, forming the Purchaser Board immediately following Closing:

- (a) Solomon Elimimian;
- (b) Nicholas Kadysh;
- (c) Fraser Macdonald;
- (d) Perry Tsergas;
- (e) David John Nutt;
- (f) Jodi Butts; and
- (g) Abdelmalik Slassi;

If any of the proposed directors are not acceptable to the CSE or are otherwise unable to act as directors of the Purchaser following Closing, PharmAla shall have the sole right to nominate other nominees to the Purchaser Board following Closing.

#### **3.02 New Officers of the Purchaser**

Effective at Closing, the officers of the Purchaser following the Transaction will be determined by the reconstituted Purchaser Board and the Purchaser and PharmAla agree to take such commercially reasonable actions as permitted under Applicable Laws such that the senior officers of the Purchaser after Closing are constituted of the following individuals:

- (a) Nicholas Kadysh, as Chief Executive Officer; and
- (b) Carmelo Marelli, as Chief Financial Officer.

If any of the proposed officers are not acceptable to the CSE or are otherwise unable to act as officers of the Purchaser following Closing, PharmAla shall have the sole right to put forth other individuals to be appointed as senior officers following Closing.

### **3.03 PIFs**

If required by the CSE, PharmAla shall deliver to the Purchaser (for further delivery by the Purchaser to the CSE) a Form 2A - *Personal Information Form* duly completed by each of the proposed directors and officers and identified above, on or before the Closing Date. In addition, PharmAla shall deliver to the Purchaser (for further delivery by the Purchaser to the British Columbia Securities Commission or any other provincial securities commission or regulatory authority) such personal information forms as may be required by the British Columbia Securities Commission (or any other provincial securities commission or regulatory authority) in connection with the filing of the Non-Offering Prospectus.

## **ARTICLE 4 CONDITIONS OF CLOSING**

### **4.01 Mutual Conditions of Closing**

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

- (a) there shall be no action taken under any applicable law by any court or Governmental Authority that makes it illegal or restrains, enjoins or prohibits the Transaction, results in a judgment or assessment of damages relating to the Transaction that is materially adverse to the Purchaser or PharmAla or that could reasonably be expected to impose any condition or restriction upon the Purchaser or PharmAla which, after giving effect to the Transaction, would so materially and adversely impact the economic or business benefits of the Transaction as to render inadvisable the consummation of the Transaction;
- (b) there shall be no legislation (whether by statute, regulation, order-in-council, notice of ways and means motion, by-law or otherwise) enacted, introduced or tabled which, in the opinion of the Purchaser, acting reasonably, materially adversely affects or is reasonable likely to materially adversely affect the Transaction;
- (c) receipt of all required regulatory, corporate and third party approvals including CSE approval, if applicable, and compliance with all applicable regulatory requirements and conditions necessary to complete the Transaction;
- (d) neither party shall be subject to unresolved litigation or court proceedings;
- (e) there being no prohibition at law against the completion of the Transaction; and
- (f) the Closing Date shall be on or before the Termination Date.

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

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

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

- (a) PharmAla shall have tendered all closing deliveries set forth in Sections 5.03;
- (b) neither PharmAla nor any of the Shareholders shall have violated Section 10.01;
- (c) the representations and warranties of PharmAla set forth in this Agreement shall have been true and correct as of the date hereof and shall be true and correct at the Time of Closing in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of
- (d) any representation or warranty without any materiality or Material Adverse Effect qualifier), except as affected by the transactions contemplated by this Agreement, and a certificate of a senior officer of PharmAla to this effect shall have been delivered to the Purchaser;
- (e) all of the terms, covenants and conditions of this Agreement to be complied with or performed by PharmAla at or before the Time of Closing will have been complied with or performed and a certificate of a senior officer of PharmAla to this effect shall have been delivered to the Purchaser;
- (f) the representations and warranties of the Shareholders set forth in this Agreement shall have been true and correct in all material respects as of the date hereof and shall be true and correct in all material respects as of the Time of Closing;
- (g) all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Shareholders at or before the Time of Closing will have been complied with or performed;
- (h) all consents, assignments, waivers, permits, orders and approvals of all Governmental Authorities (including the CSE) or other persons, including, if applicable, all those party to the Material Contracts, necessary to permit the completion of the Transaction shall have been obtained;
- (i) there being no inquiry or investigation (whether formal or informal) in relation to PharmAla or its respective directors or officers commenced or threatened by any securities commission or official of the CSE or regulatory body having jurisdiction such that the outcome of such inquiry or investigation could have a material adverse effect on,
- (j) PharmAla, its business, assets or financial condition; and
- (k) there shall not have been after the date of this Agreement any Material Adverse Effect with respect to PharmAla.

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

#### **4.03 Conditions of Closing in Favour of PharmAla and the Shareholders**

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

- (a) the Purchaser shall have tendered all closing deliveries set forth in Section 5.02 including delivery of the Payment Shares;
- (b) all consents, waivers, permits, orders and approvals of all Governmental Authorities (including the CSE) or other persons, including, if applicable, all those party to the PharmAla Material Contracts, necessary to permit the completion of the Transaction shall have been obtained;
- (c) the Purchaser shall not have violated Section 10.02;
- (d) the representations and warranties of the Purchaser set forth in this Agreement shall have been true and correct as of the date hereof and shall be true and correct at the Time of Closing in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier), except as affected by the transactions contemplated by this Agreement, and a certificate of a senior officer of the Purchaser to this effect shall have been delivered to the Shareholders;
- (e) all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser at or before the Time of Closing will have been complied with or performed and a certificate of a senior officer of the Purchaser to this effect shall have been delivered to the Shareholders and PharmAla;
- (f) there shall not have been after the date of this Agreement any Material Adverse Effect with respect to the Purchaser;
- (g) the Payment Shares will have been approved for issuance by the directors of the Purchaser and will be issued as fully paid and non-assessable shares in the capital of the Purchaser, free and clear of any and all encumbrances, liens, charges and demands of whatsoever nature;
- (h) there being no inquiry or investigation (whether formal or informal) in relation to the Purchaser or its respective directors or officers commenced or threatened by any securities commission or official of the CSE or regulatory body having jurisdiction such that the outcome of such inquiry or investigation could have a material adverse effect on, the Purchaser, its business, assets or financial condition; and

- (i) each of the directors, officers and nominees of PharmAla shall have been appointed, conditional on Closing.

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

#### **4.04 Notice and Cure Provisions**

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

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

Subject to Article 8, no party may elect not to complete the Transaction as contemplated herein as a result of the non-fulfillment of the conditions precedent contained in Sections 4.01 , 4.02, or 4.03, as applicable, unless the party intending to rely thereon has delivered a written notice to the other parties hereto prior to the Time of Closing specifying, in reasonable detail, all breaches of representations and warranties or covenants or other matters which the party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition precedent.

### **ARTICLE 5 CLOSING AND POST CLOSING ARRANGEMENTS**

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

Closing of the Transaction shall take place at the Time of Closing at the offices of Fasken Martineau DuMoulin LLP, Suite 2900, 550 Burrard Street, Vancouver, British Columbia, V6C 0A3.

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

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

- (a) share certificates (or DRS) evidencing the Payment Shares registered as directed by the Shareholders (or by PharmAla on behalf of the Shareholders);
- (b) a certificate of one of the Purchaser's senior officers, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the notice of articles and articles of the Purchaser (and all amendments thereto as in effect as on such date); (ii) all resolutions of the board of directors of the Purchaser approving

the entering into of this Agreement and all ancillary agreements contemplated herein and the completion of the Transaction, including the issuance of the Payment Shares and (iii) as to the incumbency and genuineness of the signature of each officer of Purchaser executing this Agreement or any of the other agreements or documents contemplated hereby;

- (c) the officer's certificates referred to in Sections 4.03(d) and 4.03(e);
- (d) resolutions consented to in writing by the director(s) of the Purchaser (and if applicable, the shareholders of the Purchaser) appointing nominees of PharmAla as directors of the Purchaser;
- (e) resolutions consented to in writing by the director(s) of the Purchaser appointing nominees of PharmAla as officers of the Purchaser;
- (f) a certificate of good standing for the Purchaser; and
- (g) a certificate from the transfer agent of the Purchaser certifying the number of issued and outstanding shares of the Purchaser immediately prior to the Closing.

### **5.03 Closing Deliveries of PharmAla**

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

- (a) confirmation that the share certificates representing the Purchased Shares have been cancelled;
- (b) consents to act for proposed directors and personal information forms for proposed directors and officers described in Sections 3.01 and 3.02.
- (c) a certificate of a senior officer of PharmAla, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the articles and by-laws of PharmAla (and all amendments thereto as in effect as on such date); (ii) all resolutions of the board of directors of PharmAla approving the entering into of this Agreement and the completion of the Transaction; and (iii) as to the incumbency and genuineness of the signature of each officer of PharmAla executing this Agreement or any of the other agreements or documents contemplated hereby;
- (d) the officer's certificates referred to in Sections 4.02(d) and 4.02(e);
- (e) resignations of the directors of PharmAla (including a statement from each of the directors certifying that such director does not have any claim in any respect against PharmAla) and resolutions consented to in writing by the directors of PharmAla (and if applicable, the shareholders of PharmAla) appointing nominees of the Purchaser as directors of PharmAla;



- (f) resolutions consented to in writing by the directors of PharmAla appointing nominees of the Purchaser as officers of PharmAla; and
- (g) a certificate of good standing for PharmAla.

## **ARTICLE 6 REPRESENTATIONS AND WARRANTIES**

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

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

- (a) the Purchaser is a corporation validly existing and in good standing under the laws of the Province of British Columbia and is duly registered, licensed or qualified to carry on business as an extra-provincial or foreign corporation under the laws of the jurisdictions in which the nature of its business makes such registration, licensing or qualification necessary;
- (b) the Purchaser is not a 'reporting issuer' or equivalent in any jurisdiction nor are any shares of the Purchaser listed or quoted on any stock exchange or electronic quotation system;
- (c) the Purchaser has the corporate power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder, to own and lease its property, and to carry on its businesses as now being conducted;
- (d) this Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by the Purchaser and each is, or will be at the Time of Closing, a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms;
- (e) the execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the articles of the Purchaser or of any resolutions of the directors or shareholders of the Purchaser, (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any material agreement (including any Purchaser Material Contract), licence or permit to which the Purchaser is a party or by which the Purchaser is bound or to which any material assets or property of the Purchaser is subject, or (iii) violate any provision of any applicable law or regulation or any judicial or administrative order, award, judgment or decree applicable to the Purchaser;

- (f) the authorized capital of the Purchaser consists of an unlimited number of Common Shares, of which, as of the date hereof, 1,185,000 Common Shares are issued and outstanding as fully paid and non-assessable. In addition, there are 6,235,000 warrants and 20,492,000 special warrants of the Purchaser issued and outstanding;
- (g) when issued in accordance with the terms hereof, the Payment Shares will be validly issued as fully paid and non-assessable Common Shares;
- (h) other than as set out in Section 6.01(f), there are no other Common Shares, preferred shares or securities convertible, exercisable or exchangeable into Common Shares or preferred shares issued or outstanding;
- (i) except for the holders of the securities set out Section 6.01(f), no person has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, options, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any unissued shares or other securities of the Purchaser;
- (j) the Purchaser does not own, and has not at any time owned, and does not have any agreements of any nature to acquire, directly or indirectly, any shares in the capital of or other equity or proprietary interests in any person, and the Purchaser does not have any agreements to acquire or lease any material assets or properties or any other business operations;
- (k) the Purchaser is not a party to, or bound by, any agreement of guarantee, indemnification, assumption or endorsement or any like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;
- (l) there are no waivers, consents, notices or approvals required to be given or obtained by the Purchaser in connection with Transaction and the other transactions contemplated by this Agreement under any Contract to which the Purchaser is a party;
- (m) no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over the Purchaser is required to be obtained by the Purchaser in connection with the execution and delivery of this Agreement or the consummation of the Transaction, including, without limitation, the issuance of the Payment Shares, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay the Purchaser from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on the Purchaser;

- (n) there is no suit, action or proceeding or, to the knowledge of the Purchaser, pending or threatened against the Purchaser that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Purchaser, and there is no judgment, decree, injunction, rule or order of any Governmental Authority outstanding against the Purchaser causing, or which could reasonably be expected to cause, a Material Adverse Effect on the Purchaser;
- (o) no bankruptcy, insolvency or receivership proceedings have been instituted by the Purchaser or, to the knowledge of the Purchaser, are pending against the Purchaser;
- (p) no person has any written or oral agreement, option, understanding or commitment for the purchase from the Purchaser of any of its assets or property;
- (q) the Purchaser has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified the Purchaser of such Governmental Authority's intention to commence or to conduct any investigation, that could be reasonably likely to have a Material Adverse Effect on the Purchaser;
- (r) the Purchaser has filed in the prescribed manner and within the prescribed times all Tax Returns required to be filed by the Purchaser in all applicable jurisdictions as of the date hereof and all Tax Returns that have been filed by, or with respect to the Purchaser are true, complete and correct, report all income and all other amounts and information required to be reported thereon and disclose any Tax required to be paid for the periods covered thereby. The Purchaser has duly and timely paid any Tax due and payable by it, including all instalments on account of Tax that are due and payable before the date hereof, whether or not assessed by the appropriate Governmental Authority, and has duly and timely paid all assessments and reassessments it has received in respect of any Tax;
- (s) there are no audits, reassessments or other proceedings in progress or, to the knowledge of the Purchaser, threatened against the Purchaser, in respect of any Tax and, in particular, there are no currently outstanding reassessments or written enquiries which have been issued or raised by any Governmental Authority relating to any Tax, and the Purchaser is not aware of any contingent liability of the Purchaser for Tax or any grounds that could prompt an assessment or reassessment for any Tax, and the Purchaser has not received any indication from any Governmental Authority that any assessment or reassessment is proposed;
- (t) the Purchaser has deducted, withheld or collected and remitted in a timely manner to the relevant Governmental Authority each Tax or other amount required to be deducted, withheld or collected and remitted by the Purchaser;
- (u) the Purchaser has no employees and the Purchaser is not a party to any employment, management or consulting agreement of any kind whatsoever;
- (v) no current or former employee, officer or director of the Purchaser is entitled to a severance, termination or other similar payment as a result of the Transaction;

- (w) the Corporate Records of the Purchaser are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all applicable laws and with the constating documents of the Purchaser, and without limiting the generality of the foregoing: (i) the minute books contain complete and accurate minutes of all meetings of the directors (and any committee thereof) and shareholders of the Purchaser; (ii) such minute books contain all written resolutions passed by the directors (and any committee thereof) and shareholders of the Purchaser; (iii) the share certificate books, if any, the central securities register and register of transfers, and branch registers, of the Purchaser are complete and accurate, and all transfers of shares of the Purchaser reflected therein have been duly completed and approved; and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers of the Purchaser were duly elected or appointed as the case may be;
- (x) all Books and Records of the Purchaser have been fully, properly and accurately kept and, where required, completed in accordance with generally accepted accounting principles, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein; and
- (y) to the knowledge of the Purchaser, no representation or warranty of the Purchaser contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

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

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

- (a) this Agreement has been, and each additional agreement or instrument required to be delivered by the Shareholder pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by the Shareholders and each is, or will be at the Time of Closing, a legal, valid and binding obligation of the Shareholders, enforceable against the Shareholders in accordance with its terms;
- (b) if the Shareholder is not an individual, the Shareholder is validly existing under the laws of its jurisdiction of organization and has the corporate or other power to enter into this Agreement and any other agreement to which it is, or is to become, a party to pursuant to the terms hereof and to perform its obligations hereunder and thereunder;
- (c) the execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) if the Shareholder is not an individual, result in a breach

or violation of the articles or by-laws of the Shareholder (or other constating documents of the Shareholder) or of any resolutions of the directors or shareholders of the Shareholder, or (ii) violate any provision of any applicable law or regulation or any judicial or administrative order, award, judgment or decree applicable to the Shareholder;

- (d) the Shareholder is the registered and beneficial owner of that number of PharmAla Shares, as the case may be, set forth opposite the Shareholder's name in Schedule "A" (such common shares comprising part of the Purchased Shares), free and clear of all liens, charges, mortgages, security interests, pledges, demands, claims and other encumbrances of any nature whatsoever;
- (e) except for the Purchaser's rights hereunder, no person has any agreement or option or any right or privilege capable of becoming an agreement for the purchase of the Purchased Shares held or beneficially owned by the Shareholder and none of such PharmAla Shares are subject to any voting trust, shareholders agreement, voting agreement or other agreement with respect to the disposition or enjoyment of any rights of such common shares of PharmAla;
- (f) no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over the Shareholder is required to be obtained by the Shareholder in connection with the execution and delivery of this Agreement or the consummation by the Shareholder of the Transaction, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent the Shareholder from performing its obligations under this Agreement;
- (g) the Shareholder is not a "non-resident" of Canada within the meaning of the Tax Act;
- (h) the Shareholder is not a U.S. Shareholder and:
  - (i) the offer to purchase the Shareholder's Purchased Shares was not made to the Shareholder when either the Shareholder or any beneficial purchaser for whom it is acting, if applicable, was in the United States;
  - (ii) the Shareholder is not a U.S. Person, is not in the United States and is not acquiring the applicable Payment Shares on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States;
  - (iii) at the time this Agreement was executed and delivered by the Shareholder, the Shareholder was outside the United States;
  - (iv) if the Shareholder is a corporation or entity, (A) a majority of the Shareholder's voting equity is beneficially owned by persons resident

outside the United States; and (B) the Shareholder's affairs are wholly controlled and directed from outside of the United States;

- (v) the Shareholder or any beneficial purchaser for whom it is acting, if applicable, has no intention to distribute either directly or indirectly any of the Payment Shares in the United States, except in compliance with the U.S. Securities Act; and
- (vi) the current structure of this transaction and all transactions and activities contemplated in this Agreement is not a scheme by the Shareholder to avoid the registration requirements of the U.S. Securities Act and any applicable state securities laws;
- (i) the Shareholder has not authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement, that in any manner may or will impose liability on PharmAla or the Purchaser; and
- (j) to the knowledge of the Shareholder, no representation or warranty of the Shareholder contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

### **6.03 Representations and Warranties of PharmAla**

PharmAla represents and warrants to the Purchaser as follows, except as Disclosed, and acknowledges that the Purchaser is relying on such representations and warranties in connection with the transactions contemplated herein:

- (a) PharmAla is a corporation validly existing and in good standing under the laws of the Province of British Columbia and is duly registered, licensed or qualified to carry on business under the laws of the jurisdictions in which the nature of its business makes such registration, licensing or qualification necessary;
- (b) PharmAla has the corporate power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder to own and lease its property, and to carry on its businesses as now being conducted;
- (c) this Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by PharmAla and each is, or will be at the Time of Closing, a legal, valid and binding obligation of PharmAla, enforceable against PharmAla in accordance with its terms;
- (d) the execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the articles or by-laws of PharmAla or of any resolutions of the directors or shareholders of PharmAla, (ii)

conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any material agreement (including any PharmAla Material Contract), license or permit to which PharmAla is a party or by which PharmAla is bound or to which any material assets or property of PharmAla is subject, or (iii) violate any provision of any applicable law or regulation or any judicial or administrative order, award, judgment or decree applicable to PharmAla;

- (e) the authorized capital of PharmAla consists of an unlimited number of common shares, of which, as of the date of this Agreement, 5,000,000 PharmAla Shares are issued and outstanding as fully paid and non-assessable shares;
- (f) PharmAla does not own, and has not at any time owned, and does not have any agreements of any nature to acquire, directly or indirectly, any shares in the capital of or other equity or proprietary interests in any person, and PharmAla does not have any agreements to acquire or lease any material assets or properties or any other business operations;
- (g) no person (other than the Purchaser pursuant to this Agreement) has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, options, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any unissued shares or other securities of PharmAla;
- (h) PharmAla has conducted and is conducting its business in compliance in all material respects with all applicable laws, regulations, by-laws, ordinances, regulations, rules, judgments, decrees and orders of each jurisdiction in which its business is carried on;
- (i) all of the Contracts of PharmAla material to its business and operations (the “**PharmAla Material Contracts**”), together with this Agreement, and after the execution and delivery hereof, all ancillary agreements contemplated herein, constitute all the Material Contracts of PharmAla. Each of the PharmAla Material Contracts is in full force and effect, unamended, and there exists no default, warranty claim or other obligation or liability or event, occurrence, condition or act (including the purchase and sale of the Purchased Shares hereunder and the other transactions contemplated hereunder, including, without limitation, the issuance of the Payment Shares) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default, or give rise to a warranty claim or other obligation or liability thereunder. PharmAla has not violated or breached, in any material respect, any of the terms or conditions of any PharmAla Material Contract and all the covenants to be performed by any other party thereto have been fully and properly performed;

- (j) there are no waivers, consents, notices or approvals required to be given or obtained by PharmAla in connection with the Transaction and the other transactions contemplated by this Agreement under any Contract to which PharmAla is a party;
- (k) no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over PharmAla is required to be obtained by PharmAla in connection with the execution and delivery of this Agreement, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay PharmAla from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on PharmAla;
- (l) there is no suit, action or proceeding or, to the knowledge of PharmAla, pending or threatened against PharmAla that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on PharmAla, and there is no judgment, decree, injunction, rule or order of any Governmental Authority outstanding against PharmAla causing, or which could reasonably be expected to cause, a Material Adverse Effect on PharmAla;
- (m) no bankruptcy, insolvency or receivership proceedings have been instituted by PharmAla or, to the knowledge of PharmAla, are pending against PharmAla;
- (n) PharmAla has good and marketable title to its properties and assets (other than property or an asset as to which PharmAla is a lessee, in which case it has a valid leasehold interest), except for such defects in title that individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on PharmAla;
- (o) no person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming an agreement, option, understanding or commitment for the purchase from PharmAla of any of its assets or property;
- (p) PharmAla has all permits, licences, certificates of authority, orders and approvals of, and has made all filings, applications and registrations with, applicable Governmental Authorities and other persons that are required in order to permit it to carry on its business as presently conducted, except for such permits, licences, certificates, orders, filings, applications and registrations, the failure to have or make, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on PharmAla, and all such permits, licenses, certificates of authority, orders and approvals are in good standing and fully complied with in all material respects;
- (q) PharmAla has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any



Governmental Authority notified PharmAla of such Governmental Authority's intention to commence or to conduct any investigation that could be reasonably likely to have a Material Adverse Effect on PharmAla;

- (r) PharmAla has no employees and PharmAla is not a party to any employment, management or consulting agreement of any kind whatsoever;
- (s) no current or former employee, officer or director of PharmAla is entitled to a severance, termination or other similar payment as a result of the Transaction;
- (t) the Corporate Records of PharmAla are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all applicable laws and with the constating documents of PharmAla, and without limiting the generality of the foregoing: (i) the minute books of PharmAla contain complete and accurate minutes of all meetings of the directors and shareholders of PharmAla; (ii) such minute books contain all written resolutions passed by the directors and shareholders of PharmAla; (iii) the securities register of PharmAla are complete and accurate, and all transfers of shares of PharmAla have been duly completed and approved; and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers of PharmAla were duly elected or appointed as the case may be;
- (u) all Books and Records of PharmAla have been fully, properly and accurately kept and, where required, completed in accordance with generally accepted accounting principles, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein;
- (v) PharmAla has the exclusive right to use, sell, license, sub-license and prepare derivative works for and dispose of and has the rights to bring actions for the infringement or misappropriation of the PharmAla's IP that it has registered or applied for registration and PharmAla has not licensed, conveyed, assigned or encumbered any of the PharmAla's IP that it owns. All registrations and filings necessary to preserve the rights of PharmAla to its IP have been made and are in good standing;
- (w) all pending applications for registration of PharmAla's IP are in good standing with the appropriate offices and assignments have been recorded in favour of PharmAla to the extent recordation within a timely manner is required to preserve the rights thereto;
- (x) the execution and delivery of this Agreement or any agreement contemplated hereby will not breach, violate or conflict with any instrument or agreement governing any of PharmAla's IP, will not cause the forfeiture or termination of any of PharmAla's IP or in any way exclude the right of PharmAla to use, sell, license or dispose of or to bring any action for the infringement of any of PharmAla's IP (or any portion thereof);

- (y) there are no royalties, honoraria, fees or other payments payable by PharmAla to any Person by reason of, or in respect of, the ownership, use, license, sale or disposition of any of PharmAla's IP and there are no restrictions on the ability of PharmAla or any successor to or assignee from PharmAla to use and exploit all rights in such IP;
- (z) all maintenance fees due in accordance with the PharmAla's IP have been paid in a timely manner;
- (aa) PharmAla is not a 'reporting issuer' or equivalent in any jurisdiction nor are any shares of PharmAla listed or quoted on any stock exchange or electronic quotation system; and
- (bb) to the knowledge of PharmAla, no representation or warranty of PharmAla contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

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

The representations and warranties made by the parties and contained in this Agreement or any document or certificate given pursuant hereto shall survive the Closing of the Transaction until the date that is 12 months from the date of Closing. No claim for breach of any representation, warranty or covenant shall be valid unless that party against whom such claim is made has been given notice thereof before the expiry of such 12-month period.

### **ARTICLE 7 COVENANTS**

#### **7.01 Mutual Covenants**

Each of the parties hereby covenants and agrees as follows:

- (a) to use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder which are reasonably under its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under applicable laws and regulations to complete the Transaction in accordance with the terms of this Agreement. Without limiting the generality of the foregoing, in the event that any person, including without limitation, any securities regulatory authority, seeks to prevent, delay or hinder implementation of all or any portion of the Transaction or seeks to invalidate all or any portion of this Agreement, the Purchaser and PharmAla shall use commercially reasonable efforts to resist such proceedings and to lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affecting the ability of the parties to complete the Transaction;

- (b) to use commercially reasonable efforts to obtain, before the Time of Closing, all authorizations, waivers, exemptions, consents, orders and other approvals from domestic or foreign courts, Governmental Authorities, shareholders and third parties as are necessary for the consummation of the transactions contemplated herein;
- (c) to use commercially reasonable efforts to defend or cause to be defended any lawsuits or other legal proceedings brought against it challenging this Agreement or the completion of the Transaction; neither the Purchaser nor PharmAla will settle or compromise any claim brought against them in connection with the transactions contemplated by this Agreement prior to the Closing Date without the prior written consent of each of the others, such consent not to be unreasonably withheld or delayed;
- (d) made by it in this Agreement ceases to be true and correct in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier) and of any failure to comply in any material respect with any of its obligations under this Agreement;
- (e) to co-operate with each of the other parties hereto in good faith in order to ensure the timely completion of the Transaction; and
- (f) to use commercially reasonable efforts to co-operate with each of the other parties hereto in connection with the performance by the other of its obligations under this Agreement.

## **7.02 Covenants of the Purchaser**

The Purchaser covenants and agrees with each of the Shareholders and PharmAla that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article 8, subject to Section 10.02, it will:

- (a) in a timely and expeditious manner, file and/or deliver any document or documents as may be required in order for the Transaction as contemplated herein to be effective;
- (b) ensure that the Non-Offering Prospectus does not contain a misrepresentation as it relates to the Purchaser, including in respect of its assets, liabilities, operations, business and properties, if applicable;
- (c) not solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition

to or in competition with the Transaction, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any shareholder proposal or “takeover bid,” exempt or otherwise, within the meaning of the *Securities Act* (British Columbia), for securities or assets of the Purchaser, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Transaction, including, without limitation, allowing access to any third party to conduct due diligence, nor to permit any of its officers or directors to authorize such access, except as required by statutory obligations. In the event the Purchaser, including any of its officers or directors, receives any form of offer or inquiry, the Purchaser shall forthwith (in any event within one business day following receipt) notify PharmAla of such offer or inquiry and provide PharmAla with such details as it may request;

- (d) to make available and afford PharmAla and its authorized representatives and, if requested by PharmAla, provide a copy of all title documents, contracts, financial statements, minute books, share certificate books, if any, share registers, plans, reports, licences, orders, permits, books of account, accounting records, constating documents and all other documents, information and data relating to the Purchaser. The Purchaser will afford PharmAla and its authorized representatives every reasonable opportunity to have free and unrestricted access to the Purchaser’s property, assets, undertaking, records and documents. At the request of PharmAla, the Purchaser will execute or cause to be executed such consents, authorizations and directions as may be necessary to permit any inspection of the Purchaser’s business and any of its property or to enable PharmAla or its authorized representatives to obtain full access to all files and records relating to any of the assets of the Purchaser maintained by governmental or other public authorities. The obligations in this Section 7.02(d) are subject to any access or disclosure contemplated herein not being otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained, provided that in such circumstance the Purchaser will be required to disclose that information has been withheld on this basis. The exercise of any rights of inspection by or on behalf of PharmAla under this Section 7.02(d) will not mitigate or otherwise affect the representations and warranties of the Purchaser hereunder;
- (e) except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance the Purchaser will be required to disclose that information has been withheld on this basis), furnish promptly to PharmAla (on behalf of itself and the Shareholders) a copy of each notice, report, schedule or other document or communication delivered, filed or received by the Purchaser in connection with or related to the Transaction, any filings under applicable laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein;
- (f) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the

same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Transaction as contemplated herein, including using commercially reasonable efforts to:

- (i) obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts, as applicable;
  - (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of either the Purchaser or PharmAla before any Governmental Authority to the extent permitted by such authorities; and
  - (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction;
- (g) subject to Applicable Laws or as authorized by this Agreement, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (h) conduct and operate its business and affairs only in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other persons;
- (i) except as may be necessary or desirable in order to effect the Transaction as contemplated hereunder, not alter or amend its notice of articles or articles as the same exist at the date of this Agreement;
- (j) not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement, and without limiting the generality of the foregoing, it will not:
- (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its shareholders;
  - (ii) increase or decrease its paid-up capital or purchase or redeem any shares except upon the exercise of share purchase warrants or options or conversion of convertible securities of the Purchaser outstanding as of the date hereof;

- (iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire, any such shares, except upon the exercise of share purchase warrants or options or conversion of convertible securities of the Purchaser outstanding as of the date hereof; or
- (iv) authorize, sell or issue, or negotiate or enter into an agreement to sell or issue, any securities of the Purchaser (including those that are convertible or exchangeable into securities of the Purchaser), other than as contemplated under this Agreement or pursuant to the exercise or conversion of share purchase warrants, options or convertible securities of the Purchaser outstanding as of the date hereof;
- (k) take all necessary corporate action and proceedings to approve and authorize the issuance of the Payment Shares to the Shareholders; and
- (l) prepare and file with all applicable securities commissions such notifications and fees necessary to permit, or that are required in connection with, the issuance of the Payment Shares to the Shareholders, in each case, on a basis exempt from the prospectus and registration requirements of the applicable Securities Laws of the provinces of Canada in which the Shareholders are resident.

### **7.03 Covenants of PharmAla**

PharmAla covenants and agrees with the Purchaser that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article 8, subject to Section 10.01, it will:

- (a) in a timely and expeditious manner, assist the Purchaser in the preparation of the Non- Offering Prospectus, including providing such information in relation to the business, affairs, assets and properties of PharmAla as may be necessary to comply with Applicable Laws and the policies of the CSE;
- (b) ensure that the Non-Offering Prospectus does not contain a misrepresentation as it relates to PharmAla, including in respect of its assets, liabilities, operations, business and properties, if applicable;
- (c) not to solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Transaction with the exception of various international joint ventures of PharmAla and/or business opportunities and the funding thereof, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any shareholder proposal or “takeover bid,” exempt or otherwise, within the meaning of the *Securities Act* (British Columbia),

for securities or assets of PharmAla, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Transaction, including, without limitation, allowing access to any third party to conduct due diligence, nor to permit any of its officers or directors to authorize such access, except as required by statutory obligations. In the event, PharmAla, including any of its officers or directors, receives any form of offer or inquiry, PharmAla shall forthwith (in any event within one business day following receipt) notify the Purchaser of such offer or inquiry and provide the Purchaser with such details as it may request;

- (d) to make available and afford the Purchaser and its authorized representatives and, if requested by the Purchaser, provide a copy of all title documents, contracts, financial statements, minute books, share certificate books, if any, share registers, plans, reports, licences, orders, permits, books of account, accounting records, constating documents and all other documents, information and data relating to PharmAla. PharmAla will afford the Purchaser and its authorized representatives every reasonable opportunity to have free and unrestricted access to PharmAla's property, assets, undertaking, records and documents. At the request of the Purchaser, PharmAla will execute or cause to be executed such consents, authorizations and directions as may be necessary to permit any inspection of PharmAla's business and any of its property or to enable the Purchaser or its authorized representatives to obtain full access to all files and records relating to any of the assets of PharmAla maintained by governmental or other public authorities. The obligations in this Section 7.03(d) are subject to any access or disclosure contemplated herein not being otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained, provided that in such circumstance PharmAla will be required to disclose that information has been withheld on this basis. The exercise of any rights of inspection by or on behalf of Purchaser under this Section 7.03(d) will not mitigate or otherwise affect the representations and warranties of PharmAla hereunder;
- (e) except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance PharmAla will be required to disclose that information has been withheld on this basis), furnish promptly to the Purchaser a copy of each notice, report, schedule or other document or communication delivered, filed or received by PharmAla in connection with or related to the Transaction, any filings under applicable laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein;
- (f) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Transaction, including using commercially reasonable efforts to:

- (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts;
  - (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of either PharmAla or the Purchaser before any Governmental Authority to the extent permitted by such authorities; and
  - (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction;
- (g) subject to Applicable Laws or as authorized by this Agreement, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (h) conduct and operate its business and affairs only in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other persons and, for greater certainty, it will not enter into any material transaction out of the ordinary course of business consistent with past practice without the prior consent of the Purchaser, and PharmAla will keep the Purchaser fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver could not be obtained;
- (i) except as may be necessary or desirable in order to effect the Transaction as contemplated hereunder, not alter or amend its articles or notice of articles as the same exist at the date of this Agreement;
- (j) not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement, and without limiting the generality of the foregoing, it will not:
  - (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its shareholders;
  - (ii) increase or decrease its paid-up capital or purchase or redeem any shares, except upon the exercise of share purchase warrants of PharmAla outstanding as of the date hereof; or



- (iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire any such shares, except upon the exercise of share purchase warrants of the PharmAla outstanding as of the date hereof;
- (iv) authorize, sell or issue, or negotiate or enter into an agreement to sell or issue, any securities of PharmAla (including those that are convertible or exchangeable into securities of PharmAla), other than as contemplated under  
this Agreement or pursuant to the exercise of share purchase warrants of the Purchaser outstanding as of the date hereof; and
- (k) take all necessary corporate action and proceedings to approve and authorize the valid cancellation of the Purchased Shares.

#### **7.04 Covenants of the Shareholders**

Each of the Shareholders, on its own behalf, covenants and agrees with the other parties hereto that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article 8, subject to Section 10.01, it will:

- (a) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Transaction, including using commercially reasonable efforts to:
  - (i) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction; and
  - (ii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction;
- (b) subject to Applicable Laws or as otherwise authorized by this Agreement, not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (c) if the Shareholder is a corporation or entity, take all necessary corporate action and proceedings to approve and authorize the valid and effective transfer of the Purchased Shares to the Purchaser; and
- (d) not encumber in any manner the Purchased Shares and ensure that at the Time of Closing the Purchased Shares are free and clear of all Liens, charges, mortgages, security interests, pledges, demands, claims and other encumbrances whatsoever.

## **ARTICLE 8 TERMINATION**

### **8.01 Termination**

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

- (a) by mutual written consent of the Purchaser and PharmAla;
- (b) by either PharmAla or the Purchaser if the Closing shall not have been consummated on or prior to the Termination Date, without liability to the terminating party on account of such termination; provided that the right to terminate this Agreement pursuant to this Section 8.01(b) shall not be available to a party whose breach or violation of any representation, warranty, covenant, obligation or agreement under this Agreement has been the cause of or has resulted in the failure of the Closing to occur on or before such date;
- (c) by the Purchaser, if there has been a material breach by PharmAla or the Shareholders of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in Section 4.01 which PharmAla or the Shareholders, as applicable, fails to cure within ten (10) Business Days after written notice thereof is given by the Purchaser;
- (d) by PharmAla if there has been a material breach by the Purchaser of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in Section 4.03 which the Purchaser fails to cure within ten (10) Business Days after written notice thereof is given by PharmAla;
- (e) by the Purchaser or PharmAla, if the other party completes an Alternative Transaction or enters into a definitive and binding agreement to effect an Alternative Transaction; and
- (f) by any party, if any permanent injunction or other order of a court or other competent authority preventing the Closing shall have become final and non-appealable; provided, however, that no party shall be entitled to terminate this Agreement if such party's material breach of this Agreement or any of the documents contemplated hereby has resulted in such permanent injunction or order.

### **8.02 Effect of Termination**

Upon termination of this Agreement in accordance with the terms hereof, the parties hereto shall have no further obligations under this Agreement, other than the obligations contained in Sections 11.03 and 11.08.

## **ARTICLE 9 INDEMNIFICATION**

### **9.01 Indemnification by the Purchaser**

Subject to Section 6.04, the Purchaser shall indemnify and save the Shareholders and PharmAla harmless for and from:

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

### **9.02 Indemnification by PharmAla**

Subject to Section 6.04, PharmAla shall indemnify and save the Purchaser harmless for and from:

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

### **9.03 Indemnification by Shareholders**

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

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

### **9.04 Notice of Claim**

A party entitled to and seeking indemnification pursuant to the terms of this Agreement (the “**Indemnified Party**”) shall promptly give written notice to the party or parties, as applicable, responsible for indemnifying the Indemnified Party (the “**Indemnifying Party**”) of any claim for

indemnification pursuant to Sections 9.01, 9.02 and 9.03 (a “**Claim**”, which term shall include more than one Claim). Such notice shall specify whether the Claim arises as a result of a claim by a person against the Indemnified Party (a “**Third Party Claim**”) or whether the Claim does not arise (a “**Direct Claim**”), and shall also specify with reasonable particularity (to the extent that the information is available):

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

#### **9.05 Procedure for Indemnification**

- (a) Direct Claims. With respect to Direct Claims, following receipt of notice from the Indemnified Party of a Claim, the Indemnifying Party shall have 30 days to make such investigation of the Claim as the Indemnifying Party considers necessary or desirable, acting reasonably. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying party the information relied upon by the Indemnified Party to substantiate the Claim. If the Indemnified Party and the Indemnifying Party agree at or prior to the expiration of such 30 day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed upon amount of the Claim.
- (b) Third Party Claims. With respect to any Third Party Claim, the Indemnifying Party shall have the right, at its own expense, to participate in or assume control of the negotiation, settlement or defence of such Third Party Claim and, in such event, the Indemnifying Party shall reimburse the Indemnified Party for all the Indemnified Party’s commercially reasonable out-of-pocket expenses incurred as a result of such participation or assumption. If the Indemnifying Party elects to assume such control, the Indemnified Party shall cooperate with the Indemnifying Party, shall have the right to participate in the negotiation, settlement or defence of such Third Party Claim at its own expense and shall have the right to disagree on reasonable grounds with the selection and retention of counsel, in which case counsel satisfactory to the Indemnifying Party and the Indemnified Party shall be retained by the Indemnifying Party. If the Indemnifying Party, having elected to assume such control, thereafter fails to defend any such Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim.

#### **9.06 General Indemnification Rules**

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

- (a) without limiting the generality of Sections 9.01, 9.02 and 9.03, any Claim for breach of any representation, warranty or covenant shall be subject to Section 6.04;

- (b) the Indemnifying Party's obligation to indemnify the Indemnified Party shall only apply to the extent that the Claims in respect of which the Indemnifying Party has given an indemnity, in the aggregate, exceed \$5,000;
- (c) notwithstanding anything to the contrary in this Agreement, the aggregate liability of an Indemnifying Party which is a Shareholder to any and all Indemnified Parties under this Article 8 shall be limited to the amount paid to such Indemnifying Party in respect of its Purchased Shares pursuant to Section 2.01; for greater certainty, no Shareholder shall be liable, in the aggregate, to any and all Indemnified Parties for any amount in excess of the value of its *pro rata* share of the Payment Shares;
- (d) notwithstanding anything to the contrary in this Agreement, the aggregate liability of PharmAla or the Purchaser to any and all Indemnified Parties under this Article 9 shall be limited to the value of the Payment Shares issuable under this Agreement;
- (e) if any Third Party Claim is of a nature such that the Indemnified Party is required by applicable law to make a payment to any person (a "**Third Party**") with respect to such Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnified Party may make such payment and thereafter seek reimbursement from the Indemnifying Party for any such payment. If any Indemnifying Party pays, or reimburses an Indemnified Party in respect of any Third Party Claim before completion of settlement negotiations or related legal proceedings, and the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party;
- (f) except in the circumstance contemplated by Section 9.05, and whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnified Party shall not negotiate, settle, compromise or pay any Third Party Claim except with the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld);
- (g) the Indemnified Party shall not permit any right of appeal in respect of any Third Party Claim to terminate without giving the Indemnifying Party notice and an opportunity to contest such Third Party Claim;
- (h) the Indemnified Party and the Indemnifying Party shall cooperate fully with each other with respect to Third Party Claims and shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available); and
- (i) the provisions of this Article 9 shall constitute the sole remedy available to a party against another party with respect to any and all breaches of any agreement, covenant, representation or warranty made by such other party in this Agreement.

## **ARTICLE 10 EXCLUSIVITY AND ACCESS**

### **10.01 Obligations of PharmAla and Shareholders**

Prior to the Termination Date, or the earlier termination of this Agreement, neither PharmAla nor the Shareholders shall, directly or indirectly, negotiate or deal with any party other than with the Purchaser relating to an Alternative Transaction involving PharmAla or the sale or disposition of any part of the outstanding PharmAla Shares or assets of PharmAla, or solicit enquiries or provide information with respect to same. Notwithstanding the foregoing, nothing contained in this Agreement shall be interpreted to extend to the acts or omissions of any person acting in his or her capacity as a director or officer of PharmAla or otherwise to fetter the proper exercise of discretion of such person. In addition, nothing contained in this Agreement will prohibit, prevent or restrict PharmAla from furnishing or providing information in respect of or otherwise responding to or engaging in discussions or negotiations in respect of, an unsolicited Alternative Transaction not resulting from a breach of this Section 10.01, or the directors of PharmAla, in the fulfilment of their fiduciary duties, from supporting or facilitating any such unsolicited Alternative Transaction, or PharmAla or the Shareholders from completing any such Alternative Transaction, or entering into a definitive and binding agreement to effect such an Alternative Transaction, if directors of PharmAla determine in good faith, after consultation, to the extent considered appropriate by the directors, with its financial and legal advisors, that such unsolicited Alternative Transaction constitutes, or could reasonably be expected to lead to or result in, a transaction that would, if consummated in accordance with its terms, be more favourable to PharmAla or the Shareholders than the Transaction provided, however, that prior to taking such action, the directors of PharmAla shall have concluded, after considering applicable laws, and receiving advice of outside counsel, that such action would be a proper exercise of its fiduciary duties, or is otherwise required, under applicable laws, that it is appropriate that the directors take such action in order to properly discharge their fiduciary duties or that such action is otherwise required under applicable laws. In the event PharmAla or its Shareholders receive any form of offer or inquiry, PharmAla shall forthwith (in any event within one business day following receipt) notify the Purchaser of such offer or inquiry and provide the Purchaser with such details as it may request.

### **10.02 Obligations of Purchaser**

Prior to the Termination Date, or the earlier termination of this Agreement, the Purchaser shall not, directly or indirectly, negotiate or deal with any party other than PharmAla relating to an Alternative Transaction involving the Purchaser, or solicit enquiries or provide information with respect to same. Notwithstanding the foregoing, nothing contained in this Agreement shall be interpreted to extend to the acts or omissions of any person acting in his or her capacity as a director or officer of the Purchaser or otherwise to fetter the proper exercise of discretion of such person. In addition, nothing contained in this Agreement will prohibit, prevent or restrict the Purchaser from furnishing or providing information in respect of or otherwise responding to or engaging in discussions or negotiations in respect of, an unsolicited Alternative Transaction not resulting from a breach of this Section 10.01, or the directors of the Purchaser, in the fulfilment of their fiduciary duties, from supporting or facilitating any such unsolicited Alternative Transaction, or the Purchaser from completing any such Alternative Transaction, or entering into a definitive and

binding agreement to effect such an Alternative Transaction, if directors of the Purchaser determine in good faith, after consultation, to the extent considered appropriate by the directors, with its financial and legal advisors, that such unsolicited Alternative Transaction constitutes, or could reasonably be expected to lead to or result in, a transaction that would, if consummated in accordance with its terms, be more favourable to the Purchaser than the Transaction provided, however, that prior to taking such action, the directors of the Purchaser shall have concluded, after considering applicable laws, and receiving advice of outside counsel, that such action would be a proper exercise of its fiduciary duties, or is otherwise required, under applicable laws, that it is appropriate that the directors take such action in order to properly discharge their fiduciary duties or that such action is otherwise required under applicable laws. In the event the Purchaser receives any form of offer or inquiry, the Purchaser shall forthwith (in any event within one business day following receipt) notify PharmAla of such offer or inquiry and provide PharmAla with such details as it may request.

## **ARTICLE 11 GENERAL**

### **11.01 Power of Attorney**

Each of the Shareholders hereby severally and irrevocably appoints PharmAla as its agent and attorney to take any action that is required under the Agreement or to execute and deliver any documents on their behalf, including without limitation, for the purposes of all Closing matters (including without limitation, the receipt of certificates representing the Payment Shares or Replacement Warrants) and deliveries of documents and do and cause to be done all such acts and things as may be necessary or desirable in connection with the closing matters for the Transaction. Without limiting the generality of the foregoing, PharmAla may, on its own behalf and on behalf of the Shareholders, extend the Termination Date and/or the Closing Date, modify or waive any conditions as are contemplated herein, negotiate, settle and deliver the final forms of any documents that are necessary or desirable to give effect to the Transaction, extend such time periods as may be contemplated herein or terminate this Agreement, in its absolute discretion, as it deems appropriate. Each of the Shareholders hereby acknowledges and agrees that any decision or exercise of discretion made by PharmAla under this Agreement, shall be final and binding upon the Shareholders so long as such decision or exercise was made in good faith. The Purchaser shall have no duty to enquire into the validity of any document executed or other action taken by PharmAla on behalf of the Shareholders pursuant to this Article 11.

### **11.02 Notices**

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

- (a) if to the Purchaser:

*"Information Redacted"*

(b) if to PharmAla or the Shareholders:

*"Information Redacted"*

or such other address as may be designated by notice given by either PharmAla or the Purchaser to the other in accordance with this Section 11.02. Each notice shall be personally delivered to the addressee or sent by e-mail to the addressee and a notice which is personally delivered or sent by email shall, if delivered or sent prior to 4:00 p.m. (local time of the recipient) on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the next Business Day. Any notice delivered to PharmAla in accordance with this Section 11.02 prior to the Time of Closing shall be deemed to have been delivered to each of the Shareholders. The previous sentence of this Section 11.02 shall not apply to a notice given as contemplated in Section 4.04 of the occurrence, or failure to occur, of any event or state of facts which would or would likely to cause any of the representations or warranties of any Shareholder to be untrue or inaccurate or result in the failure by any Shareholder to comply with or satisfy any covenant, condition or agreement, which notice shall not be deemed to have been received by such Shareholder unless delivered to the address of such Shareholder as reflected in the books of PharmAla (or after the Time of Closing, the books of the Purchaser). Any Shareholder may, from time to time, by notice given in accordance with this Section 11.02, designate or provide an address of such Shareholder for notices to be given after the Time of Closing.

### **11.03 Confidentiality**

Prior to Closing and, if the Transaction is not completed, at all times thereafter, each of the parties hereto will keep confidential and refrain from using all information obtained by it in connection with the transactions contemplated by this Agreement relating to any other party hereto, provided however that such obligation shall not apply to any information which was in the public domain at the time of its disclosure to a party or which subsequently comes into the public domain other than as a result of a breach of such party's obligations under this Section 11.03. For greater certainty, nothing contained herein shall prevent any disclosure of information which may be required pursuant to applicable laws or pursuant to an order in judicial or administrative proceedings or any other order made by any Governmental Authority.



#### **11.04 Assignment**

No party may assign this Agreement or its rights or obligations hereunder without the prior written consent of the other parties hereto, such consent not to be unreasonably withheld or delayed.

#### **11.05 Binding Effect**

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

#### **11.06 Waiver**

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

#### **11.07 Governing Law**

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

#### **11.08 Expenses**

PharmAla shall be responsible for its costs and expenses incurred with respect to the transactions contemplated herein, which are comprised of its legal fees and disbursements relating to preparing this Agreement and related documents specifically relating to the transactions contemplated herein, it being acknowledged, that documentation in respect of the Transaction shall, to as great an extent as reasonably possible, be prepared by the Purchaser's counsel with the assistance of PharmAla as needed. The Purchaser shall be responsible for its costs and expenses incurred with respect to the transactions contemplated herein. If during the term of this Agreement, the Transaction does not successfully complete, then each party will be responsible for its own expenses incurred.

#### **11.09 No Personal Liability**

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

#### **11.10 Time of Essence**

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

#### **11.11 Public Announcements**

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

#### **11.12 Further Assurances**

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

#### **11.13 Entire Agreement**

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

#### **11.14 Amendments**

No amendment of any provision of this Agreement will be binding on any party unless consented to in writing by such party.

#### **11.15 Severability**

In the event that any provision or part of this Agreement is determined by any court or other judicial or administrative body to be illegal, null, void, invalid or unenforceable, that provision shall be severed to the extent that it is so declared and the other provisions of this Agreement shall continue in full force and effect.

#### **11.16 Remedies Cumulative**

The rights and remedies of the parties under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by any party hereto of any right or remedy for default or breach of any term, covenant or condition

of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such party may be lawfully entitled for the same default or breach.

**11.17 Counterparts**

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

**11.18 Independent Legal Advice**

EACH SHAREHOLDER ACKNOWLEDGES, CONFIRMS AND AGREES THAT HE, SHE OR IT HAS HAD THE OPPORTUNITY TO SEEK AND WAS NOT PREVENTED OR DISCOURAGED BY ANY PARTY HERETO FROM SEEKING INDEPENDENT LEGAL ADVICE PRIOR TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT AND THAT, IN THE EVENT THAT ANY SHAREHOLDER DID NOT AVAIL HIMSELF/HERSELF/ITSELF WITH THAT OPPORTUNITY PRIOR TO SIGNING THIS AGREEMENT, SUCH SHAREHOLDER DID SO VOLUNTARILY WITHOUT ANY UNDUE PRESSURE AND AGREES THAT SUCH SHAREHOLDER'S FAILURE TO OBTAIN INDEPENDENT LEGAL ADVICE SHALL NOT BE USED BY HIM/HER/IT AS A DEFENCE TO THE ENFORCEMENT OF HIS/HER/ITS OBLIGATIONS UNDER THIS AGREEMENT. EACH SHAREHOLDER ACKNOWLEDGES AND AGREES THAT MCMILLAN LLP ONLY ACTS FOR PHARMALA, AND NEITHER REPRESENTS NOR ACTS FOR THE SHAREHOLDERS IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

*[Signature pages follow.]*

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

**GREENRIDEZ 3.0 ACQUISITIONS CORP.**

*(Signed) "Solomon Elimimian"*

President

**PHARMALA BIOTECH INC.**

*(Signed) "Nicholas Kadysh"*

President

*[Signature pages of the Shareholders follows.]*

**PharmAla Shareholders**

**NKO Consulting Corp.**

*(Signed)"NKO Consulting Corp."*

**Zadkiel Holdings Inc.**

*(Signed)"Zadkiel Holdings Inc."*

**514 Finance Inc.**

*(Signed)"514 Finance Inc."*

**Cedarview Investment Corp.**

*(Signed)"Cedarview Investment Corp."*

**S4 Management Group Inc.**

*(Signed)"S4 Management Group Inc."*

*(Signed) "Michael Nederhoff"*

---

**Michael Nederhoff**

*(Signed) "Adrian Morante"*

---

**Adrian Morante**

*(Signed) "Jeffrey Stevens"*

---

**Jeffrey Stevens**

*(Signed) "Mario Boscarino"*

---

**Mario Boscarino**

*(Signed) "Michael Frank"*

---

**Michael Frank**

*(Signed) "John Teti"*

---

**John Teti**

*(Signed) "Fabio Chianelli"*

---

**Fabio Chianelli**

*(Signed) "Boris Konovalov"*

---

**Boris Konovalov**

*(Signed) "Michael McGuin"*

---

**Michael McGuin**

**SCHEDULE "A"**  
**SHAREHOLDERS OF PHARMALA**

<b>NAME AND ADDRESS OF SHAREHOLDER</b>	<b>NUMBER OF SHARES</b>
<b>NKO Consulting Corp.</b> <i>"Information Redacted"</i>	453,125
<b>Zadkiel Holdings Inc.</b> <i>"Information Redacted"</i>	475,000
<b>514 Finance Inc.</b> <i>"Information Redacted"</i>	475,000
<b>Albert Sheynzon</b> <i>"Information Redacted"</i>	500,000
<b>Michael Nederhoff</b> <i>"Information Redacted"</i>	234,375
<b>Adrian Morante</b> <i>"Information Redacted"</i>	62,500
<b>Cedarview Investment Corp.</b> <i>"Information Redacted"</i>	62,500
<b>Jeffrey Stevens</b> <i>"Information Redacted"</i>	250,000
<b>S4 Management Group Inc.</b> <i>"Information Redacted"</i>	125,000
<b>Mario Boscarino</b> <i>"Information Redacted"</i>	100,000

NAME AND ADDRESS OF SHAREHOLDER	NUMBER OF SHARES
<b>Michael Frank</b> <i>"Information Redacted"</i>	850,000
<b>John Teti</b> <i>"Information Redacted"</i>	100,000
<b>Fabio Chianelli</b> <i>"Information Redacted"</i>	850,000
<b>Boris Konovalov</b> <i>"Information Redacted"</i>	400,000
<b>Michael McGuin</b> <i>"Information Redacted"</i>	62,500
<b>Total</b>	<b>5,000,000</b>