

VEJII HOLDINGS LTD.

-and-

VEG ESSENTIALS LLC

-and-

RYAN J. WILSON

-and-

MARY COURTNEY ERNSTER

PURCHASE AGREEMENT

April 14, 2021

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PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT is made on the _____ day of April, 2021,

AMONG:

VEJII HOLDINGS LTD., a corporation incorporated under the Laws of the Province of British Columbia (the "**Purchaser**")

- and -

VEG ESSENTIALS LLC, a limited liability company incorporated under the Laws of Wisconsin (the "**Corporation**")

- and -

RYAN J. WILSON, an individual resident in the State of Wisconsin ("**Ryan**")

- and -

MARY COURTNEY ERNSTER, an individual resident in the State of Wisconsin ("**Courtney**" and, together with Ryan, the "**Vendors**")

WHEREAS:

- A. As at the date hereof, the Vendors are the registered and beneficial owners of all of the issued and outstanding members interests of the Corporation (the "**Purchased Interests**"); and
- B. The Purchaser wishes to purchase, and the Vendors wish to sell, the Purchased Interests on and subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual agreements and covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto covenant and agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1. Defined Terms

In this Agreement and the recitals and schedules (the "**Schedules**") attached hereto, unless there is something in the subject matter or context inconsistent therewith, the following words and terms will have the indicated meanings and grammatical variations of such words and terms will have corresponding meanings:

"Accounts Payable" means, at any point of determination, all trade and other accounts payable, notes payable and other debts due or accruing by the Corporation in connection with the Business relating to goods and/or services received by the Corporation prior to such time;

[Signature page to the Share Purchase Agreement]

"Accounts Receivable" means, at any point of determination, all trade and other accounts receivable, notes receivable and other debts due or accruing to the Corporation in connection with the Business relating to goods and/or services provided by the Corporation prior to such time;

"Affiliate" has the meaning ascribed thereto in the *Business Corporations Act* (British Columbia), as amended from time to time;

"Agreement" means this purchase agreement, including the Schedules attached hereto, all as the same may be amended, modified or replaced from time to time upon the written agreement of the Parties;

"Benefit Plans" has the meaning ascribed thereto in Section 3.1(jj);

"Business" means acting as a retailer of Vegan products including through the operation of the website *veganessentials.com* and such other business as is carried on by the Corporation from time to time;

"Business Day" means any day other than a day which is a Saturday, Sunday or statutory holiday in Vancouver, British Columbia or Waukesha, Wisconsin;

"Cash Payment" has the meaning ascribed in Section 2.2(b);

"Closing" means the completion of the Transaction;

"Closing Date" means the date of closing of the Transaction which shall be the date of completion of the Go Public Event;

"Closing Time" means 10:00 a.m. (Vancouver time) on the Closing Date or such other time as the Parties may agree upon in writing;

"Collective Agreement" means all collective bargaining agreements or union agreements, whether written or oral, that the Corporation and any of its Employees are currently subject to, or are proposed to become subject to, and all related documents, including letters of understanding, letters of intent and other written communications with bargaining agents for any Employee which impose any obligations upon the Corporation;

"Consideration Shares" has the meaning ascribed in Section 2.2(c);

"Consulting Agreements" means the consulting agreements to be entered into between the Purchaser (or an Affiliate thereof) and each of Ryan J. Wilson and Mary Courtney Ernster, in a form acceptable to the Parties, acting reasonably;

"Current Assets" means, in respect of the Corporation and as of the Closing Date, cash, prepaid expenses, Accounts Receivable owned by the Corporation, any Inventory, any taxes receivable by the Corporation and any other item to the extent such item is considered to be a current asset calculated on an accrual basis in accordance with GAAP;

"Customers" means all Persons who are customers of the Business carried on by the Corporation;

"Deposit" has the meaning ascribed in Section 2.2(a);

"Employee" means any employee of the Business as conducted by the Corporation;

"Encumbrances" means all capital lease obligations, mortgages, charges, pledges, security interests, liens, encumbrances, actions, claims, demands and equities of any nature whatsoever or howsoever arising and any rights or privileges capable of becoming any of the foregoing;

"Environmental Laws" means all applicable laws, statutes, regulations, rules, ordinances, by-laws and codes of all federal, provincial, municipal and local governmental bodies (whether administrative, legislative, executive or otherwise) including any judgments, orders, decrees, administrative orders or written administrative requests of any Governmental Entity, or any provision or condition of any permit, licence or other operating authorization of any Governmental Entity applicable to the Business and relating to:

- (a) the protection and preservation of the environment from emissions, discharges, spills, leaks, deposits or other releases of any substances including Hazardous Substances into the environment;
- (b) the manufacture, processing, production, gathering, distribution, use, treatment, storage, disposal, and transport of any dangerous goods, waste or Hazardous Substances; or
- (c) the permitting or licensing of remediation or decontamination of any sites;

"Environmental Permits" includes all orders, certificates, permits, registrations, approvals, consents and Licences issued by any authority of competent jurisdiction under Environmental Laws;

"GAAP" means United States generally accepted accounting principles in effect from time to time;

"Go Public Event" means the date on which the Purchaser has (a) received a receipt for a final prospectus in at least one Province of Canada; and (b) has received conditional approval for the listing of its common shares on the Canadian Securities Exchange;

"Governmental Entity" means any applicable: (a) multinational, federal, provincial, territorial, state, municipal, local or other governmental or public department, court, commission, board, tribunal, bureau, agency or instrumentality, domestic or foreign; (b) any subdivision or authority of any of the foregoing; or (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, and in each case having proper jurisdiction;

"Hazardous Substance" means any substance which is or may become hazardous, toxic or dangerous to persons, property or the environment including any substance declared from time to time to be hazardous, toxic or dangerous under any Environmental Laws;

"Intellectual Property" means any intellectual property (whether foreign or domestic, registered or unregistered) used in the operation, conduct or maintenance of the Business, as it is currently and has historically been operated, conducted or maintained, including: (a) all inventions, patents, patent applications and patent disclosures, together with all reissues, continuations, continuations-in-part, revisions, extensions and re-examinations thereof; (b) all trade-marks, trade-names, corporate names, domain names and all goodwill associated therewith; (c) all copyrightable works, copyrights and industrial designs; (d) all confidential information, including all trade secrets, processes, procedures, know-how, methods, data, compilations, databases and

the information contained therein (including, for greater certainty, all seismic and other geological or geophysical information); together with: (i) all copies and tangible embodiments of the foregoing, in whatever form or medium (including all computer software and related documentation); (ii) all improvements, modifications, translations, adaptations, refinements, derivations and combinations thereof; (iii) and all applications, registrations and renewals in connection therewith; and (iv) all Intellectual Property Rights related thereto;

"Intellectual Property Rights" includes any right or protection existing from time to time in any jurisdiction, whether registered or not, under any patent Laws or other invention or discovery Laws, copyright Laws, moral rights Laws, trademark or unfair competition Laws, industrial design or design Laws, confidential information Laws, trade secret Laws or other similar Laws and includes any legislation or regulation by any Governmental Entity and judicial decisions under common law or equity;

"Inventory" means the inventory owned by the Corporation and which is to be used and consumed in the normal course of operating the Business;

"Laws" means any and all applicable laws including 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, policies, guidelines, and general principles of common and civil law and equity of any Governmental Entity, binding on or affecting the Person referred to in the context in which the word is used;

"Leased Premises" has the meaning ascribed thereto in Section 3.1(u);

"Letter of Intent" means the letter of intent entered into by the Purchaser and the Vendors dated March 3, 2021;

"Licences" has the meaning ascribed thereto in Section 3.1(f);

"Losses" means any amounts on account of damages, losses, deficiencies, costs, liabilities, claims, causes of action, indemnities, fines, penalties and expenses;

"Material Adverse Change" means, with respect to any Person, any change, effect, fact, circumstance, occurrence or event that, individually or in the aggregate, is, or would reasonably be expected to be, material and adverse to the Business, operations, assets, cash flow, liabilities, capitalization, financial condition of such Person and its subsidiaries, taken as a whole, or would, or would reasonably be expected to, prevent, materially delay or materially impair the ability of a Party to consummate the Transaction; *provided, however*, that a Material Adverse Change shall not include any change, effect, fact, circumstance, occurrence or event relating to or resulting from: (i) changes in general economic, financial, currency exchange conditions in Canada; (ii) changes in securities or commodity prices in Canada; (iii) conditions affecting the specific industry in which the Corporation operates as a whole, and not specifically relating to any Person and/or its subsidiaries, including changes in Laws; (iv) any matter which has been publicly disclosed prior to the date hereof; or (v) any changes or effects arising from matters expressly permitted by this Agreement *provided, however*, that any such change referred to above does not primarily relate only to (or have the effect of primarily relating only to) the Corporation or disproportionately adversely affect the Corporation compared to other entities of similar size operating in the industries in which the Corporation operates;

"Non-Competition Agreement" means the non-competition, non-solicitation and confidentiality agreement to be entered into among the Vendors, the Corporation and the Purchaser, in a form acceptable to the Parties acting reasonably;

"Ordinary Course of Business" or **"Ordinary Course"** means the ordinary course of business consistent with prior custom and practice of the entity to whom such term relates (including with respect to quantity, risk, terms, value and frequency);

"Outside Date" September 30, 2021;

"Parties" means the parties to this Agreement and **"Party"** means any of them;

"Person" includes any individual, corporation, limited liability company, unlimited liability company, partnership, firm, joint venture, syndicate, association, trust, government, Governmental Entity and any other form of entity or organization;

"Personal Information" means private information about an identifiable individual but does not include business contact information provided the collection, use or disclosure, as the case may be, of the business contact information is for the purposes of contacting an individual in that individual's capacity as an employee or an official of an organization and for no other purpose;

"Pre-Closing Reorganization": Vendors shall convey residential real properties located at *[Confidential information redacted]* from the Corporation to an unrelated entity prior to closing. Vendors shall also effectuate a change of the named lessee for a Porsche automobile from the Corporation to the an unrelated entity prior to closing;

"Purchase Price" has the meaning ascribed thereto in Section 2.2;

"Purchased Interests" has the meaning ascribed thereto in the Recitals;

"Purchaser" has the meaning ascribed thereto in the Recitals;

"Purchaser's Counsel" means Bennett Jones LLP;

"Tax" or **"Taxes"** means all United States, Canadian, foreign, federal, provincial, state, territorial, municipal or local taxes, levies, duties, tariffs, imposts or assessments, including those relating to net income, capital, goods and services, gross receipts, gross income, capital stock, franchise, profits, employees and payroll, withholding, unemployment, disability, real property, personal property, intangibles, stamp, excise, sales, use, transfer, occupation, value added, ad valorem, customs, premium, windfall profits, or alternative minimum taxes, and any taxes payable under any foreign tax Law, together with any interest, penalties or additions to tax with respect to the foregoing;

"Tax Returns" includes all returns, reports, declarations, designations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form), including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, claims for refund and information return made, prepared, filed or required to be made, prepared or filed under applicable Laws in respect of Taxes;

"Transaction" means the acquisition by the Purchaser of all of the Purchased Interests and the transactions ancillary thereto, all as further described and provided for herein;

"**Transaction Documents**" means, collectively, this Agreement, the Consulting Agreements and the Non-Competition Agreement;

"**Transaction Expenses**" means all fees and expenses payable by the Corporation to any person in connection with the negotiation, execution and delivery of this Agreement and the consummation of the Transaction, including: (a) the costs, fees and expenses of investment bankers, legal counsel, accountants, consultants and other advisors; (b) all sale, retention, change of control or similar bonus payments or benefits to any current or former directors, officers, employees and consultants triggered by, or paid as a result of or in connection with, the Transaction; and (c) all fees or other payments payable by the Corporation to any Vendor or an affiliate of such Vendor as a result of or in connection with, the Transaction; but excluding any amounts that would otherwise be Transaction Expenses but which are fully satisfied by the Corporation as of the Closing Time;

"**Transferred Information**" means the Personal Information to be disclosed or conveyed to the Purchaser or any of its representatives or agents by or on behalf of the Vendors or the Corporation as a result of or in conjunction with the Transaction, and includes all such Personal Information disclosed to the Purchaser during the period leading up to and including the completion of the Transaction;

"**Vendors**" has the meaning ascribed thereto in the Recitals; and

"**Vendors' Counsel**" means Joseph W. Scherwenka;

1.2. Schedules

The Schedules that are attached to this Agreement are incorporated into this Agreement by reference and are deemed to be a part hereof.

1.3. Currency

Unless otherwise indicated, all dollar amounts referred to in this Agreement are stated in lawful money of the United States.

1.4. Choice of Law

This Agreement, and each of the documents contemplated by or delivered under or in connection with this Agreement (to the extent no choice of law is specified therein) shall be governed by and construed in accordance with the Laws of the Province of British Columbia and the federal Laws of Canada applicable therein, without reference to principles of conflicts of law which would result in the application of the laws of a different jurisdiction. Each of the Parties hereto irrevocably attorns and submits to the exclusive jurisdiction of the courts of the Province of British Columbia in respect of the subject matter of this Agreement.

1.5. Interpretation Not Affected by Headings or Party Drafting

The division of this Agreement into articles, sections, paragraphs, subparagraphs and clauses and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "**this Agreement**", "**hereof**", "**herein**", "**hereunder**" and similar expressions refer to this Agreement and the Schedules hereto and not to any particular article, section, paragraph, clause or other portion hereof and include any agreement or instrument supplementary or ancillary hereto. The term "including" shall mean

including without limitation. The Parties acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement and the Parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party shall not be applicable in the interpretation of this Agreement.

1.6. Number and Gender

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

- (a) words in the singular number include the plural and such words will be construed as if the plural had been used;
- (b) words in the plural include the singular and such words will be construed as if the singular had been used; and
- (c) words importing the use of any gender include all genders where the context or Party referred to so requires, and the rest of the affected sentence will be construed as if the necessary grammatical and terminological changes had been made.

1.7. Knowledge

Where any representation or warranty contained in this Agreement or any agreement delivered pursuant to this Agreement is expressly qualified by reference to "the knowledge" of a Party, such qualification shall be deemed to refer to the actual knowledge of such Party and the knowledge such Party would have if it had conducted a reasonable due and diligent inquiry into the relevant subject matter. The Vendors confirm that they have made a reasonable due and diligent inquiry of such Persons as they considers necessary as to the matters that are the subject of the representation, warranties and agreements contained herein.

ARTICLE 2 **PURCHASE AND SALE**

2.1. Purchase and Sale

On the terms and subject to the fulfillment of the conditions hereof, on the Closing Date the Vendors agree to sell, assign and transfer to the Purchaser legal and beneficial ownership to the Purchased Interests, and the Purchaser agrees to purchase the Purchased Interests, free and clear of all liabilities and Encumbrances, and with all rights and benefits attaching thereto.

2.2. Purchase Price

The total purchase price payable for the Purchased Interests and the performance by the Vendors of their obligations hereunder and contemplated hereby shall be **ONE MILLION FOUR HUNDRED THOUSAND DOLLARS** (\$1,400,000) (the "**Purchase Price**"). The payment of the Purchase Price by the Purchaser to the Vendors shall be made as follows:

- (a) upon execution of this Agreement, a deposit, in cash, of \$200,000 (the "**Deposit**");
- (b) on the Closing Date, a cash payment of \$200,000 (the "**Cash Payment**"); and

- (c) on the Closing Date, common shares in the authorized share structure of the Purchaser with a deemed value of \$1,000,000 (the "**Consideration Shares**"), it being acknowledged that the Consideration Shares shall be issued at a deemed price equal to the price of the securities issued pursuant to the Go Public Event.

2.3. Allocation of Purchase Price

The Purchase Price shall be allocated among the Vendors as set forth in Schedule 2.3.

ARTICLE 3 **REPRESENTATIONS AND WARRANTIES**

3.1. Representations and Warranties by the Vendors

The Vendors each hereby jointly and severally represent and warrant to the Purchaser as follows as of the date hereof, and acknowledge and confirm that notwithstanding any independent searches or investigations that may be undertaken by or on behalf of the Purchaser and notwithstanding any information or document provided to the Purchaser, the Purchaser is relying upon the accuracy of each of such representations and warranties in connection with the purchase of the Purchased Interests and the completion of the Transaction:

- (a) **Existence and Power.** The Corporation is duly formed, validly existing and in good standing under the Laws of the State of Wisconsin and has all powers and all governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which would not, individually or in the aggregate, reasonably be expected to have an effect that is adverse and material to the Corporation's ability to consummate the transactions contemplated hereby. Each Vendor is a natural person of the full age of majority and is of sound mind and has all requisite capacity, power and authority to (i) execute and deliver this Agreement and (ii) perform his or her obligations hereunder.
- (b) **Authority and Approval.** The execution, delivery and performance by the Corporation and each Vendor of this Agreement and the consummation by the Corporation and each Vendor of the transactions contemplated hereby are within such party's powers and have been duly authorized by all necessary action on the part of the Corporation. This Agreement constitutes a valid and binding agreement of the Corporation and each Seller, enforceable in accordance with its respective terms, except to the extent that enforceability thereof may be limited by bankruptcy, insolvency, reorganization and other similar applicable Laws affecting the enforcement of creditors' rights generally and by general principles of equity.
- (c) **Binding Obligation.** This Agreement and the other agreements contemplated herein constitute, or will constitute once executed and delivered, legal, valid and binding obligations of the Corporation and each Vendor, as applicable, enforceable against each of them in accordance with the terms hereof and thereof, subject to: (i) bankruptcy, insolvency, moratorium, reorganization and other Laws relating to, or affecting, the enforcement of creditors' rights generally; (ii) the fact that equitable remedies, including the remedies of specific performance and injunctive relief, may only be granted in the discretion of a court; and (iii) the fact that rights to indemnity may be limited under applicable Laws.

- (d) **No Other Agreements.** No Person, other than the Purchaser, has any agreement, option, understanding or commitment, or any right or privilege (whether by law, pre-emptive right or contractual provision) capable of becoming an agreement, option or commitment, for the purchase or other acquisition of any of the Purchased Interests or any other securities in the capital of the Corporation.
- (e) **Contractual and Regulatory Approvals.** Except as set forth in Schedule 3.1(e), neither of the Vendors nor the Corporation are under any obligation, contractual or otherwise, to request or obtain the consent of any Person, and no permits, licences, certifications, authorizations or approvals of, or notifications to, any Governmental Entity or contractual counterparty are required to be obtained by any of the Vendors or the Corporation:
- (i) in connection with the execution, delivery or performance of this Agreement and the other agreements contemplated herein;
 - (ii) to avoid the loss, cancellation or termination of any contract, permit, licence, certification or other authorization relating to the Business; or
 - (iii) in order that the authority of the Corporation to carry on the Business in the Ordinary Course and in the same manner as presently conducted remains in good standing and in full force and effect as of, and following, the completion of the Transaction.

Complete and correct copies of any agreements under which the Vendors or the Corporation are obligated to request or obtain any such consent, or provide any such notice, have been provided to the Purchaser as of the date hereof. Except as set forth in Schedule 3.1(e), the Vendors and the Corporation, as applicable, have obtained all of the consents, approvals or notices referred to in this Section 3.1(e).

- (f) **Licences.**
- (i) The Corporation holds all necessary licences, permits, registrations and qualifications (collectively, the "**Licences**") in each jurisdiction in which the nature or conduct of the Business or any part thereof or the nature of the assets or properties of the Corporation makes such qualification necessary or desirable to enable the Business to be carried on as now conducted or to enable the assets or properties of the Corporation to be owned, leased and operated.
 - (ii) All of the Licences necessary to the operation of the Business, registration or qualification are in place and are valid and subsisting.
 - (iii) The Business has and is being operated in material compliance with all terms and conditions of such Licences and there are no proceedings in progress, pending or, to the knowledge of the Vendors, threatened, that could result in the revocation, cancellation or suspension of any of such Licences.
- (g) **Compliance with Constating Documents, Agreements and Licences.** The execution, delivery and performance of this Agreement and each of the other agreements contemplated by or referred to herein by the Vendors and the Corporation, as applicable, and the completion of the Transaction contemplated hereby and thereby, will not constitute or result in a violation, breach or default, or cause the acceleration of any obligations under:

- (i) any term or provision of the operating agreement, articles, bylaws, shareholders agreement or other constating documents of the Corporation;
 - (ii) subject to obtaining the contractual consents referred to in Schedule 3.1(e), the terms of any indenture, contract, agreement (written or oral), instrument or understanding or other obligation or restriction applicable to or binding upon the Corporation or the Vendors or to which the Corporation and the Vendors are a party;
 - (iii) subject to obtaining the regulatory consents referred to in Schedule 3.1(e), any term or provision of any Licence or, to the knowledge of the Vendors, any order of any court, governmental authority or regulatory body or any Laws or regulations of any jurisdiction in which the Business is carried on; or
 - (iv) any purchase and sale agreement and/or settlement agreement related to the share capital of the Corporation including any stock option plan or stock option agreement.
- (h) **Subsidiaries.** The Corporation has no subsidiaries. The Corporation does not own any shares or other interest in any corporations, partnerships, joint ventures or other beneficial interests in any entities, nor is the Corporation a party to any agreement of any nature to acquire any such shares or partnership or beneficial interests or to acquire or lease any other business operations.
- (i) **Minute Books and Corporate Records.** The minutes and corporate records of the Corporation are true and correct and contain true and complete copies of the constituent documents of the Corporation, and records of transfers and all minutes of all meetings and all resolutions of the directors and members thereof. To the knowledge of the Vendors, the books and records of the Corporation fairly and correctly set out and disclose in all material respects, in accordance with GAAP, the assets, liabilities, whether accrued, absolute, contingent or otherwise as at the date thereof, the shareholders equity and, to the knowledge of the Vendors, the financial position of the Corporation as at the date hereof and all material financial transactions of the Corporation have been accurately recorded in such books and records, and the records and minutes of the Corporation contain no material deficiencies.
- (j) **Authorized and Issued Capital.** The Purchased Interests, as at the Closing Date, represent collectively all the membership interests in the Corporation and have been duly authorized and issued in compliance with all applicable Laws including applicable securities Laws and in compliance with the constituent documents of the Corporation or any agreement to which the Corporation is a party, as applicable, or by which it is bound. As at the Closing Date, other than the Purchased Interests, no other membership interests, securities or rights to acquire membership interests or securities (including convertible securities, rights or options) of the Corporation are issued or outstanding.
- (k) **Shareholders Agreements, etc.** There are no investor rights agreements, shareholder agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the membership interests in the capital of the Corporation, and no Person, other than the Purchaser pursuant to the terms of this Agreement, has the right, directly or indirectly, to acquire membership interests in the capital of the Corporation.

- (l) **No Litigation.** There are no actions, suits or proceedings, whether existing, or, to the knowledge of the Vendors, pending or threatened, against or affecting the Corporation at law or in equity or before any United States, foreign, national, , territorial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, of any kind, including any action, suit or proceeding which involves the possibility of any judgment against or liability of the Corporation or which could enjoin or prohibit: (A) the Transaction contemplated hereby, or any component thereof; (B) the right of the Purchaser to own the Purchased Interests; or (C) the right of the Corporation to conduct their operations and carry on their business in the Ordinary Course of Business and operations as they have been carried on in the past.

- (m) **Liabilities.**
 - (i) There are no liabilities of the Corporation of any kind whatsoever, whether or not accrued and whether or not contingent, in respect of which the Corporation may become liable on or after the Closing Date and the consummation of the Transaction, other than:
 - A. liabilities disclosed or referred to in this Agreement or in the Schedules attached hereto;
 - B. Accounts Payable and accrued expenses of the Corporation which, in each case: (1) accrued prior to the Closing Date; (2) were incurred in the Ordinary Course of Business in a manner consistent with past practice; and (3) which are not more than ninety (90) days past due as of the Closing Date; or
 - C. expenses accrued by the Corporation in connection with the Transaction and which will be paid by the Vendors on or prior to the Closing.
 - (ii) Without limiting any other provision in this Agreement, there are no liabilities of the Corporation with respect to employees including any accelerated termination, severance, retirement payments or such other liabilities or payments in respect of which the Corporation may become liable on or after the Closing Date and the consummation of the Transaction.

- (n) **Absence of Certain Changes or Events.** Except as otherwise disclosed in Schedules 3.1(n), since December 31, 2019, the Corporation has not:
 - (i) incurred any obligation or liability (fixed or contingent), except normal trade or business obligations incurred in the Ordinary Course of Business, none of which is materially adverse to the Business;
 - (ii) created any Encumbrance upon any of its properties or assets related to the Business;
 - (iii) had any Employee terminate his or her employment or communicate his or her intention to do so;
 - (iv) sold, assigned, transferred, leased or otherwise disposed of any assets other than in the Ordinary Course of Business;

- (v) purchased, leased or otherwise acquired any properties or assets other than in the Ordinary Course of Business;
 - (vi) waived, cancelled or written off any rights, claims, or any amounts payable to the Corporation relating to the Business other than in the Ordinary Course of Business;
 - (vii) entered into any transaction, contract, agreement or commitment other than in the Ordinary Course of Business;
 - (viii) terminated, discontinued, closed or disposed of any office, facility, operation or contract relating to the Business;
 - (ix) had any material customer of the Business terminate, or, to the knowledge of the Vendors, communicate the intention or threat to terminate, its relationship with the Business, or the intention to substantially reduce the quantity of products or services it purchases from the Business, or its dissatisfaction with the products or services supplied by the Business;
 - (x) had any material supplier of the Business terminate, or, to the knowledge of the Vendors, communicate the intention or threat to terminate, its relationship with the Corporation, or the intention to substantially reduce the quantity of products or services it sells to the Business;
 - (xi) made any material change with respect to any method of management, operation or accounting in respect of the Business;
 - (xii) changed or modified the terms and conditions of employment of any Employees including increasing any form of compensation or other benefits payable or to become payable to any of the Employees, other than changes in the Ordinary Course of Business;
 - (xiii) changed any remuneration payable or benefits provided to any officer, director, consultant or agent of the Business;
 - (xiv) suffered any extraordinary Losses;
 - (xv) made or incurred any Material Adverse Change, or become aware of, any event or condition that would, or could reasonably be expected to, result in a Material Adverse Change; or
 - (xvi) authorized, agreed or otherwise become committed to do any of the foregoing.
- (o) **Capital Expenditures and Dispositions.**
- (i) Except as set forth in Schedule 3.1(o), the Corporation has not committed to make any capital expenditures or authorized any capital expenditures, in each case, in an amount greater than \$10,000, which have not been fulfilled or paid in full as of the date hereof; and

- (ii) Except as set forth in Schedule 3.1(o), since December 31, 2019 none of the fixed or other non-Current Assets of the Corporation have been disposed of and Schedule 3.1(o) sets forth the book value of any such assets.

- (p) **Dividends and Distributions.** The Corporation has not declared or paid any dividend or made any other distribution in respect of any of its membership interests or redeemed or purchased or otherwise acquired any of its membership interests, or reduced its authorized capital or issued capital, or agreed to any of the foregoing, in each case, since December 30, 2019.

- (q) **Tax Matters.**
 - (i) **Taxes** – The Corporation has duly and timely: (A) made, prepared and filed all Tax Returns required to be made, prepared or filed by it and such Tax Returns are true, complete and accurate in all material respects; (B) paid all Taxes (including instalments) due and payable by it, whether or not assessed by the appropriate Governmental Entity and made adequate provision in its financial statements for any Taxes not yet due as of the date of such financial statements; and (C) collected or withheld and remitted to the appropriate Governmental Entity all Taxes required to be collected, withheld or remitted by it (including Taxes required to be withheld in respect of any amount paid or credited or deemed to be paid or credited by it to or for the account or benefit of any Person, including non-resident Persons) and there are no claims threatened or pending against the Corporation in respect of Taxes nor any basis therefor.

 - (ii) **Agreements and Negotiations with Tax Authorities** – The Corporation has not entered into any agreement, waiver, extension or other arrangement with any Governmental Entity with respect to Taxes and the Corporation has not engaged in any discussions or negotiations with any Governmental Entities with respect to Taxes.

 - (iii) **Tax Audit** – No matter is under audit or appeal with any Governmental Entity relating to the Corporation, nor is any such audit pending or, to the knowledge of the Vendors, threatened, no deficiencies have been asserted by any Governmental Entity in connection with any Taxes or Tax Returns and there is no basis on which any investigation, injunction or Tax proceeding can be started against the Corporation concerning Taxes with regard to revenues, expenses, transactions or circumstances with respect to the Corporation arising or existing prior to the Closing Date.

 - (iv) **Disregarded Entity** – The Corporation from and after its date of formation has been taxed by all Governmental Entities having jurisdiction over Taxes as a sole proprietorship and a disregarded entity. Neither the Corporation nor either Vendor has made any election to treat the Corporation as a “C” corporation or an “S” corporation.

- (r) **Environmental Matters.**
 - (i) The operation of the Business has been and is in compliance with all Environmental Laws.

- (ii) The Corporation has, in the operation of the Business, materially complied with all reporting and monitoring requirements under all Environmental Laws. With respect to the Business, the Corporation has not received any notice of any non-compliance with any Environmental Laws and has never been convicted of an offence for non-compliance with any Environmental Laws or been fined or otherwise sentenced or settled such prosecution short of conviction, nor is there any basis therefor. No litigation or regulatory action is pending or underway, or, to the knowledge of the Vendors, threatened in respect of any non-compliance with Environmental Laws, including any release of a Hazardous Substance in relation to the Business.
- (iii) The Corporation has all Environmental Permits necessary to conduct the Business and to own, use and operate the assets and properties related to the Business and any leased premises and all such Environmental Permits are valid and in full force and effect and the Corporation is not in material default thereunder. All such Environmental Permits are listed in Schedule 3.1(r) and complete and correct copies thereof have been provided to the Purchaser prior to the date hereof. None of the Environmental Permits shall become void or voidable as a result of the consummation of the Transaction; and, except as set forth in Schedule 3.1(e), no consent to the Transaction is required to maintain said Environmental Permits in full force and effect. The Vendors hereby agree to assist the Purchaser with filing all necessary applications and transferring or obtaining all necessary Environmental Permits, if necessary, for operation of the Business.
- (iv) Except as disclosed in Schedule 3.1(r), the Corporation has not used, stored, disposed of or handled any Hazardous Substances other than in compliance with applicable Environmental Laws.
- (v) There has been no release of any Hazardous Substances used, stored, disposed of or handled by the Corporation other than in compliance with applicable Environmental Laws.
- (s) **Title to Membership Interests.** As of the date hereof and immediately prior to the Closing, the authorized and issued capital of the Corporation is as set forth in Schedule 3.1(s) hereto. The Vendors are the registered and beneficial owner of the Purchased Interests identified on and in the respective amounts set forth in Schedule 3.1(s), with good and marketable title thereto, free and clear of all Encumbrances and the Vendors have full legal right, power and authority to sell, transfer, assign and deliver the Purchased Interests as agreed herein and, without limiting the generality of the foregoing, none of the Purchased Interests are subject to any voting trust, shareholder agreement or voting agreement. Immediately prior to the purchase by the Purchaser of the Purchased Interests, the Purchased Interests shall be validly issued and outstanding as fully paid and non-assessable interests. Upon completion of the Transaction, the Purchaser shall have good and valid legal and beneficial title to the Purchased Interests purchased from the Vendors, free and clear of all Encumbrances.
- (t) **Title to Assets.** Except as disclosed in Schedule 3.1(t), the Corporation is the owner of and has good and marketable title to all of the properties and assets used in connection with the Business, free and clear of all Encumbrances. Except as disclosed in Schedule 3.1(t), no Person has any interest (or right capable of becoming an interest) in

any of the assets or property owned by the Corporation or used in connection with the Business, other than in the Ordinary Course of Business. The asset list attached to Schedule 3.1(t) is a complete and accurate list, in all material respects, of the assets of the Corporation as at the Closing Date.

- (u) **Leased Premises.** Schedule 3.1(u) describes all leases and agreements to lease under which the Corporation leases any real property (collectively the "**Leased Premises**"). Complete and correct copies of any leases or agreements to lease under which the Corporation leases any real property, have been provided or made available to the Purchaser prior to the date hereof. The Corporation is exclusively entitled to all rights and benefits as lessee under such leases and the Corporation has not sublet, assigned, licenced or otherwise conveyed any rights in the Leased Premises to any Person. All rental and other payments and other obligations required to be paid and performed by the Corporation in respect of real property leases have been duly paid and performed and such leases are in good standing and force and effect. The Corporation is not in material default of any of its obligations under any real property leases and no landlord is in material default of any of its obligations under such leases. The use by the Corporation of the Leased Premises is not in breach of any building, zoning or other statute, by-law, ordinance, regulation, covenant, restriction or official plan. The Corporation has unrestricted rights of ingress to and egress from the Leased Premises for the operation of the Business. The Corporation has never owned any real property.
- (v) **Condition of Properties and Equipment.** The buildings and structures on the Leased Premises are free of any material defect and all systems used in any building or structures on the Leased Premises and all machinery, equipment, tools, furniture, furnishings and materials used in the Business are in good working order, fully operational, and free of any material defect and are adequate and suitable for the uses to which they are being put, normal wear and tear excepted and subject to routine and ordinary maintenance in the Ordinary Course of Business. Except as set forth in Schedule 3.1(v), each piece of equipment used in the Business has been maintained and repaired by a qualified person and in accordance with industry standards, and has not been condemned, red-tagged, black-listed or otherwise determined to be unsafe or damaged beyond repair by any manufacturer or repair service provider.
- (w) **Leased Personal Property.** The Corporation has no leases for personal property used in or relating to the Business as at the date listed thereon.
- (x) **Condition of Tangible Personal Property.** The tangible personal property comprising the machinery, equipment, furniture, leased equipment and vehicles of the Corporation and the Business is in good operating condition and repair, normal wear and tear excepted. No major repair items are anticipated (except in accordance with standard preventive maintenance) and the standard preventive maintenance operations have been carried out in accordance with the manufacturers' recommendations.
- (y) **Work Orders and Deficiencies.** There are no outstanding work orders, non-compliance orders, deficiency notices or other such notices relating to the Leased Premises or the other properties and assets of the Corporation or the Business that have been issued by any Governmental Entity. There are no matters under discussion with any Governmental Entity relating to work orders, non-compliance orders, deficiency notices or other such notices. The Business is not being carried on, and none of the Leased Premises or the other properties or assets of the Corporation are being operated, in a manner that is in

contravention of any statute, regulation, rule, code, standard or policy so as to give rise to any material liability. No amounts are owing by the Corporation in respect of the Leased Premises to any Governmental Entity or public utility, other than current accounts which are not in arrears.

- (z) **Accounts Receivable.** Attached as Schedule 3.1(z) is a true, correct and complete list of the Accounts Receivable as at March 31, 2021. All Accounts Receivable arose from *bona fide* transactions in the Ordinary Course of Business and are valid, enforceable and fully collectible accounts, less a reasonable allowance for bad debt consistent with past practice, and are not subject to any equitable set-off or counterclaim.
- (aa) **Accounts Payable.** The list of Accounts Payable attached as Schedule 3.1(aa) is a true, correct and complete list of the Accounts Payable as at March 31, 2021, all of which arose from *bona fide* transactions in the Ordinary Course of Business.
- (bb) **Inventory.** The Inventory consists solely of items of the kind and quality regularly used or produced in connection with the Business and are of market value quality. All Inventory was acquired in the Ordinary Course of Business and is saleable, resaleable or useable in the Ordinary Course of Business and for the purpose for which it is intended to be sold or used. None of the Inventory is obsolete, and the Inventory is at a level consistent with the level of inventories that has been maintained in the operation of the Business prior to the date hereof in accordance with normal business practice. The Inventory has been determined and valued in accordance with GAAP and consistent with past periods.
- (cc) **Partnerships or Joint Ventures.** The Corporation is not a partner or participant in any partnership, joint venture, profit-sharing arrangement or other association of any kind and are not a party to any agreement under which the Corporation agrees to carry on any part of the Business in such manner or by which the Corporation agrees to share any revenue or profit of the Business with any other Person.
- (dd) **Customers and Suppliers.** A list of the ten (10) largest current customers and the ten (10) largest current suppliers of the Corporation is attached hereto as Schedule 3.1(dd). The Corporation has taken all commercially reasonable precautions to keep the customer and supplier lists confidential. Since December 31, 2019, there has been no termination or cancellation of, and no modification or change in, any business relationship of the Corporation with any customer or supplier of the Business listed on Schedule 3.1(dd). The Vendors have no reason to believe that the benefits of any relationship with any of the customers or suppliers listed on Schedule 3.1(dd) of the Business will not continue after the Closing Date in substantially the same manner as prior to the Closing Date.
- (ee) **Restrictions on Doing Business.** The Corporation is not a party to or bound by any agreement in relation to the Business that would restrict or limit the right of the Corporation to carry on any activity or to solicit business from any Person or in any geographical area or otherwise to conduct the Business as the Corporation may determine. The Corporation is not subject to any judgment, order or requirement of any court or governmental authority in relation to the Business which is not of general application to Persons carrying on a business similar to the Business. To the knowledge of the Vendors, there are no facts or circumstances in relation to the Business and unrelated to the Purchaser that could materially adversely affect the ability of the

Purchaser to continue to operate the Business as presently conducted following the completion of the Transaction.

(ff) **Licences, Agency and Distribution Agreements.** Schedule 3.1(ff) lists all material agreements to which the Corporation is a party or by which it is bound under which the right to manufacture, use or market any product, service, technology, information, data, computer hardware or software or other property used in or produced or supplied by the Business has been granted, licenced or otherwise provided to or by any other Person, or under which the Corporation has been appointed, or any Person has been appointed by the Corporation, as an agent, distributor, licensee or franchisee for any of the foregoing. Complete and correct copies of all of the agreements listed in Schedule 3.1(ff) have been provided to the Purchaser prior to the date hereof. None of the agreements listed in Schedule 3.1(ff) grant to any Person any authority to incur any liability or obligation or to enter into any agreement on behalf of the Corporation.

(gg) **Outstanding Agreements.** The Corporation is not a party to or bound by any outstanding or executory agreement, contract or commitment out of the Ordinary Course of Business, whether written or oral, except for:

(i) the agreements described, or referred to, in this Agreement or in the Schedules;

(ii) the agreements described in Schedule 3.1(gg).

Complete and correct copies of each of the agreements described in Schedule 3.1(gg) have been provided or made available to the Purchaser prior to the date hereof.

(hh) **Good Standing of Agreements.** The Corporation is not in material default or breach of any of its obligations under any one or more contracts, agreements (written or oral), commitments, indentures or other instruments to which it is a party or bound relating to the Business, and, to the knowledge of the Vendors, there exists no state of facts that, after notice or lapse of time or both, would constitute such a material default or breach. All such contracts, agreements, commitments, indentures and other instruments are now in good standing and in full force and effect without amendment thereto, the Corporation is entitled to all benefits thereunder and the other parties to such contracts, agreements, commitments, indentures and other instruments are not in material default or breach of any of their obligations thereunder. There are no contracts, agreements, commitments, indentures or other instruments relating to the Business under which the rights of the Corporation or the performance of its obligations is dependent upon or supported by the guarantee of, or any security provided by, any other Person.

(ii) **Employees.** Schedule 3.1(ii) sets forth the name, applicable job title, duration of employment, location of employment, vacation entitlement, employee benefit entitlement and rate of remuneration (including bonus and commission entitlement) and all other entitlements and benefits of each Employee of the Corporation, as at the date of such Schedule. Schedule 3.1(ii) identifies the names of all employment-related claims, human rights and employment standards complaints, grievances, arbitration awards, penalties and assessments in respect of all Employees of the Business that are, to the knowledge of the Vendors, currently outstanding.

(jj) **Employment Agreements, Employee Benefit Plans and Employment Standards.**

- (i) Except as disclosed in Schedule 3.1(jj), the Corporation is not a party to any written or oral employment, service or consulting agreement relating to any one or more Persons, except for oral employment agreements which are of indefinite term and without any special arrangements or commitments with respect to the continuation of employment or payment of any particular amount upon termination of employment. Except as disclosed in Schedule 3.1(jj), the Corporation has no Employee who cannot be dismissed upon such period of notice as is required by Law in respect of a contract of hire for an indefinite term. The Vendors have no reason to believe that any Employee would terminate his or her employment as a result of or in anticipation of the Transaction nor are there any change of control agreements in place with Employees.
- (ii) Except as listed in Schedule 3.1(jj), the Corporation does not have, and is not subject to any present or future obligation or liability under, any pension plan, deferred compensation plan, retirement income plan, stock option or stock purchase plan, profit sharing plan, bonus plan or policy, employee group insurance plan, hospitalization plan, disability plan or other employee benefit plan, program, policy or practice, formal or informal, with respect to any of its Employees, other than similar health plans established pursuant to statute or other Law. (The plans, programs, policies, practices and procedures listed in Schedule 3.1(jj) are collectively called the "**Benefit Plans**"). Complete and correct copies of all documentation establishing or relating to the Benefit Plans listed in Schedule 3.1(jj) or, where such Benefit Plans are oral commitments, written summaries of the terms thereof, and the most recent financial statements and actuarial reports related thereto and all reports and returns in respect thereof filed with any regulatory agency within three (3) years prior to the date hereof have been provided to the Purchaser.
- (iii) There are no known or, to the knowledge of the Vendors, pending claims by any employee covered under the Benefit Plans or by any other Person which allege a breach of fiduciary duties or violation of governing Law or which may result in liability to the Corporation and there is, to the knowledge of the Vendors, no basis for such a claim. There are no Employees or former Employees of the Corporation who are receiving any pension or retirement payments from the Corporation or who are entitled to receive any such payments not covered by a pension plan to which the Corporation is a party.
- (iv) The Corporation is in material compliance with all Laws, rules, regulations and orders applicable to it relating to employment, including those relating to wages, hours, collective bargaining, occupational health and safety, workers' hazardous materials, employment standards, human rights, pay equity and workers' compensation. All amounts due and payable by the Corporation to its Employees and independent contractors have been paid in full and all amounts accruing due to same have been reflected in the financial records of the Corporation. Except as disclosed in Schedule 3.1(jj) or as otherwise disclosed pursuant to this Agreement, there are no outstanding charges or complaints against the Corporation relating to unfair labour practices or discrimination or under any legislation relating to employees that such company has received notice of, there are no investigations, complaints, proceedings or audits being conducted with respect to any employees of the Corporation and, to the knowledge of the Vendors, there are no complaints or investigations under occupational health and

safety legislation with respect to any Employees of the Corporation. The Corporation has paid in full all amounts owing under applicable workers' compensation Laws. There are no existing or, to the knowledge of the Vendors, threatened labour strikes or labour disputes, grievances, controversies or other labour troubles affecting the Corporation or the Business.

- (v) Except as disclosed in Schedule 3.1(jj), the Corporation is in compliance with all necessary and applicable pre-qualification standards of, or any other operational standards required or identified by, its customers with respect to occupational health and safety matters.

(kk) **Collective Agreements.**

- (i) The Corporation is not a party to or bound by or subject to any Collective Agreement and no Collective Agreements are currently being negotiated or are currently subject to negotiation by the Corporation with respect to Employees. The Corporation is not in material violation of any provision under any Collective Agreement;
- (ii) No trade union, labour union or organization, bargaining agent or any other person holds bargaining rights with respect to any of the Employees by way of certification, interim certification, voluntary recognition, or succession rights, or has applied or threatened to apply to be certified as the bargaining agent of any Employees. There are no ongoing, pending, or to the knowledge of the Vendors, threatened, union organizing activities involving any Employees or persons providing services to the Corporation. The Corporation has not engaged in any unfair labour practices and no strike, lock-out, work stoppage or other material labour dispute is occurring and no such event has occurred within the last two years. There are no pending or, to the knowledge of the Vendors, threatened strikes, work stoppages, picketing, lock-outs, handbillings, boycotts, slowdowns or similar labour related disputes pertaining to the Corporation that might affect the value of the Corporation or lead to an interruption of operations of the Corporation. The Corporation has not engaged in any closing or lay-off activities within the past two years that would violate or in any way subject the Corporation to the group termination or lay-off requirements of applicable Laws;
- (iii) The Corporation has not recognized any trade union, staff association, employee association, staff council, works council or other organization or arrangement having a similar purpose, and no notification to any trade union, staff association, employee association, staff council, works council or other organization or arrangement having a similar purpose is required by the Corporation for the purpose of consummating the Transaction;
- (iv) There are no current or pending grievances under or arbitration cases outstanding, or, to the knowledge of the Vendors, threatened, in respect of any Collective Agreements; and
- (v) With respect to the Transaction, any notice required under any Law or Collective Agreement has been given, and all bargaining obligations with any union, bargaining agent, employee association, or any other representative of any

Employee, arising to the date of this Agreement have been, or prior to the Closing Date, will be, satisfied.

- (ll) **Indebtedness.** The Corporation does not have any bonds, debentures, mortgages, promissory notes, capital leases, or other indebtedness and the Corporation is not under any obligation to create or issue any bonds, debentures, mortgages, promissory notes, capital leases or other indebtedness.
- (mm) **Guarantees, Warranties and Discounts.**
 - (i) the Corporation is not a party to or bound by any agreement of guarantee, indemnification, assumption or endorsement, or any other like commitment of the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or indebtedness of any other Person;
 - (ii) the Corporation has not given any guarantee or warranty in respect of any of the products provided by it except warranties made in the Ordinary Course of Business or in the form of its standard warranties, copies of which have been made available to the Purchaser prior to the date hereof;
 - (iii) the Corporation is not now subject to any agreement or commitment, and the Corporation has not, within five (5) years prior to the date hereof, entered into any agreement with or made any commitment to any customer of the Business which would require it to repurchase any products sold to such customers or to adjust any price or grant any refund, discount or other concession to such customer after the Closing Date except as required by the terms of the supply agreement with the customer, by standard warranties or as otherwise agreed in the Ordinary Course of Business; and
 - (iv) no letters of credit, bonds or other financial security arrangements in connection with any transactions with suppliers or customers are required for the operation of the Business.
- (nn) **Insurance.** Schedule 3.1(nn) attached hereto contains a true and complete list of all insurance policies maintained by the Corporation or under which the Business is covered in respect of the properties, assets, operations and personnel utilized in the operation of the Business as of the date hereof. Complete and correct copies of all such insurance policies have been provided to the Purchaser. Such insurance policies are in full force and effect and the Corporation is not in default with respect to the payment of any premium or compliance with any of the provisions contained in any such insurance policy. There are no circumstances under which the Corporation would be required to or, in order to maintain its coverage, should give any notice to the insurers under any such insurance policies which has not been given. The Corporation has not received notice from any of the insurers regarding cancellation of such insurance policies. The Corporation has not failed to present any claim and/or any such insurance policy in due and timely fashion. the Corporation has not received notice from any of the insurers denying any claims. Schedule 3.1(nn) sets forth a list of all claims made against the insurance maintained by the Corporation within the last five (5) years. To the knowledge of the Vendors, there are no circumstances which may give rise to a claim by the Corporation against the insurance maintained by the Corporation.

- (oo) **No Material Adverse Change.** Since December 31, 2019, there has been no Material Adverse Change to the Corporation or the Business and, to the knowledge of the Vendors, no event has occurred or circumstance exists which would, or could reasonably be expected to, result in a Material Adverse Change to the Corporation or the Business.
- (pp) **Compliance with Laws.** The Corporation is conducting, and the Corporation has always conducted, the Business in compliance with all Laws in all material respects. No written or other notice or warning from any Governmental Entity with respect to any failure or alleged failure of, or necessity for, the Corporation or the Business to comply with any Law has been received by the Corporation, nor is any such notice or warning proposed or threatened.
- (qq) **Copies of Documents.** Subject to the information provided in the Schedules hereto, complete and correct copies (including all amendments) of all contracts and other documents referred to in this Agreement or any Schedule or required to be disclosed hereby have been delivered to the Purchaser.
- (rr) **Intellectual Property.**
 - (i) Schedule 3.1(rr) contains a complete list of all material Intellectual Property owned or used by the Corporation, together with the details of any registrations and applications for registration in respect thereto, and a description of all other material actions the Corporation has taken to maintain and protect the Intellectual Property.
 - (ii) The registrations and applications for registration listed in Schedule 3.1(rr) are valid and subsisting, in good standing, and enforceable against Third Parties and are recorded, maintained and renewed in the name of the Corporation in the appropriate registries or government offices to preserve the Corporation's rights thereof and thereto.
 - (iii) The Corporation does not have any knowledge or information of any facts which would affect the use, validity, enforceability, scope or registrability of any of the Intellectual Property.
 - (iv) The Corporation owns or has sufficient rights to the Intellectual Property necessary for the operation, conduct and maintenance of the Business as such Business is currently and has historically been operated, conducted or maintained.
 - (v) The Corporation has the exclusive right to use and otherwise exploit the Intellectual Property in all jurisdictions in which it is currently or has historically been used or otherwise exploited and there are no prohibitions or restrictions on the use or other exploitation by the Corporation of the Intellectual Property.
 - (vi) The Corporation owns and has the exclusive legal and beneficial right, title and interest in and to the Intellectual Property in its own name, free and clear of any Encumbrances, and none of the Intellectual Property has been licenced by or to a Third Party.

- (ss) **Transferred Information.**
- (i) The Corporation has provided all necessary notices to and has obtained all necessary consents from each individual to which the Transferred Information relates for the collection, use and disclosure of such information for the purposes for which such information is currently and was historically collected, used and disclosed by the Corporation and for the completion of the Transaction;
 - (ii) The Corporation has not received notice, nor has reason to believe, that any such consent has been withdrawn or varied; and
 - (iii) The Transferred Information is necessary for, and solely relates to, the completion of the Transaction, including the determination to complete such Transaction, or the use or enjoyment of the assets conveyed hereunder by the Purchaser.
- (tt) **Bank Accounts.** Schedule 3.1(tt) sets forth a true, correct and complete list of all of the bank accounts of the Corporation, including account details and branch locations.
- (uu) **Sufficiency of Assets.** The assets owned and/or leased by the Corporation are sufficient to carry on the Business in substantially the same manner as the Business is being conducted on the date hereof.
- (vv) **Consideration Shares.** The Vendors acknowledge and agree that the Consideration Shares will be issued pursuant to an exemption to the prospectus requirements in Canada and, accordingly, will be subject to a four month statutory resale restriction in accordance with Canadian securities Laws and will be subject to any applicable resale restrictions in accordance United States securities Laws.
- (ww) **Non-Arm's Length Matters.** Except as disclosed in Schedule 3.1(ww), the Corporation is not a party to or bound by any agreement, whether written or oral, with, is indebted to, and no amount is owing thereto by, the Vendors or any Affiliates or associates thereof or any Person not dealing at "arm's length" with any of the foregoing. Except as disclosed the Corporation has not made or authorized any payments to its shareholders or any Affiliates or associates or any former Affiliates or associates thereof or to any Person not dealing at "arm's length" with any of the foregoing, except for salaries and other employment compensation payable to Employees of the Corporation in the Ordinary Course of Business and at the regular rates payable to them.
- (xx) **Material Facts Disclosed.** None of the foregoing representations and warranties and no document furnished by or on behalf of the Vendors to the Purchaser in connection with the negotiation of the Transaction contains any untrue statement of a material fact or omits to state any material fact necessary to make any such statement or representation not misleading.

3.2. Representations and Warranties by the Purchaser

The Purchaser represents and warrants to the Vendors as follows as of the date hereof, and acknowledges and confirms that notwithstanding any independent searches or investigations that may be undertaken by or on behalf of the Vendors and notwithstanding any information or document provided to the Vendors, the Vendors are relying upon the accuracy of each of such

representations and warranties in connection with the completion of the sale of the Purchased Interests and the completion of the Transaction:

- (a) **Valid Subsistence.** The Purchaser is duly incorporated and validly subsisting under the Laws of the Province of British Columbia and has all requisite corporate power and authority to carry on its business and to own its properties and assets and is registered in each jurisdiction in which the conduct of its business requires such registration.
- (b) **Corporate Authority and Binding Obligation.** The Purchaser has good right, full corporate power and capacity to enter into this Agreement and the other agreements contemplated herein and to perform its obligations under this Agreement and the other agreements contemplated herein. The board of directors of the Purchaser has, or by Closing will have, taken all necessary actions, steps and corporate and other proceedings to approve or authorize, validly and effectively, the entering into of, and the execution, delivery and performance of, this Agreement. This Agreement is a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject to: (i) bankruptcy, insolvency, moratorium, reorganization and other Laws relating to or affecting the enforcement of creditors' rights generally; (ii) the fact that equitable remedies, including the remedies of specific performance and injunctive relief, may only be granted in the discretion of a court; and (iii) the fact that rights to indemnity may be limited under applicable Laws.
- (c) **Contractual and Regulatory Approvals.** The Purchaser is not under any obligation, contractual or otherwise, to request or obtain the consent of any Person, and no permits, Licences, certifications, authorizations or approvals of, or notifications to, any Governmental Entity are required to be obtained by the Purchaser in connection with the execution, delivery or performance of this Agreement or the completion of the Transaction.
- (d) **Compliance with Constating Documents, Agreements and Licences.** The execution, delivery and performance of this Agreement and each of the other agreements contemplated by or referred to herein by the Purchaser and the completion of the Transaction contemplated hereby and thereby, will not constitute or result in a violation, breach or default, or cause the acceleration of any obligations under:
 - (i) any term or provision of the articles, bylaws, or other constating documents of the Purchaser;
 - (ii) the terms of any indenture, contract, agreement (written or oral), instrument or understanding or other obligation or restriction applicable to or binding upon the Purchaser or to which the Purchaser is a party; or
 - (iii) any term or provision of any Licence or, to the knowledge of the Purchaser, any order of any court, governmental authority or regulatory body or any Laws or regulations of any jurisdiction in which the Purchaser's business is carried on.
- (e) **No Proceedings.** There are no actions, suits or proceedings, judicial or administrative (whether or not purportedly on behalf of the Purchaser or others) pending or to the knowledge of the Purchaser, threatened, by or against or affecting the Purchaser that relate to or will affect the completion of the Transaction, at law or in equity or before or by any court or any Governmental Entity (and there are to the knowledge of the

Purchaser no grounds on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success).

- (f) **Consideration Shares.** The Consideration Shares, when issued, will be issued as fully paid and non-assessable common shares in the authorized share structure of the Purchaser and will be conditionally approved for listing on the Canadian Securities Exchange.

ARTICLE 4 **COVENANTS**

4.1. Covenants of the Vendors

The Vendors hereby jointly and severally covenant to the Purchaser that they will, in accordance with the following paragraphs, do or cause to be done the following:

- (a) **Conduct of Business during the Interim Period.** During the Interim Period, the Vendors shall cause the Corporation to operate the Business in the Ordinary Course and, without limiting the generality of the foregoing, do the following:
- (i) maintain all of the assets in the same condition as they now exist, ordinary wear and tear excepted;
 - (ii) maintain all of the Intellectual Property so that it is current, enforceable and in good standing;
 - (iii) maintain the Corporation's books, records and accounts in the Ordinary Course;
 - (iv) maintain the Inventory of the Business in order to continue carrying on the Business in the Ordinary Course;
 - (v) take all action to preserve the Business and the goodwill of the Corporation and its relationships with customers, suppliers, landlords, creditors and others having business dealings with it, to maintain in full force and effect all Contracts to which the Corporation is a party, and take all other action reasonably requested by the Purchaser in order that the Business and the condition of the Corporation will not be impaired during the Interim Period;
 - (vi) keep available the services of its present officers and employees;
 - (vii) ensure that the Corporation performs and complies with all of its obligations under all contracts and complies with all Licenses;
 - (viii) ensure that the Corporation does not sell or otherwise dispose of (or pledge as security) any of its assets, except Inventory in the Ordinary Course;
 - (ix) maintain adequate levels of working capital to carry on the Business in the Ordinary Course;
 - (x) ensure that the Corporation does not create any Encumbrance upon any of its assets, other than in the Ordinary Course (so long as that value does not exceed \$5,000) or create any guarantees or otherwise become liable for the obligations of any other Person or make any loans or advances to any Person;

- (xi) ensure that the Corporation does not increase or promise to increase, in any manner, the compensation or employee benefits of any of its directors, officers or employees, or pay or agree to pay to any of its directors, officers or employees any pension, severance or termination amount or other employee benefit not required by any of the Benefit Plans
 - (xii) keep in full force and effect all of the current insurance policies of the Corporation;
 - (xiii) collect and manage Accounts Receivable and pay and manage accounts payable in the Ordinary Course, including not writing off as uncollectible any Accounts Receivable that individually or in the aggregate is significant to the Corporation or is in excess of \$5,000;
 - (xiv) ensure that the Corporation does not declare or pay any dividends, redeem or repurchase any membership interests or make any other distributions in respect of its membership interests;
 - (xv) subject to Laws, confer with the Purchaser concerning operational matters of a material nature;
 - (xvi) keep the confidentiality of any non-public, confidential or proprietary information of the Business or Corporation; and
 - (xvii) Ensure that the Corporation continues to maintain its status for Tax purposes as a sole proprietorship.
- (b) **Transfer of Purchased Interests.** Provided that the Purchaser performs its payment obligations, and any other obligations to be performed at or prior to the Closing Time on the Closing Date, the Vendors shall cause all necessary steps and corporate proceedings to be taken in order to permit the Purchased Interests to be duly and regularly transferred to the Purchaser on the Closing Date.
- (c) **Request for Consents.** The Vendors shall cause the Corporation to obtain all of the consents and approvals, and to deliver the notifications set forth in Schedule 3.1(e) and all other consents and approvals required to transfer the Purchased Interests to the Purchaser hereunder in compliance with all applicable Laws and complete the Transaction. Such consents shall be upon such terms as are acceptable to the Purchaser, acting reasonably. If any of the consents and approvals set forth in Schedule 3.1(e) are not obtained prior to the Closing Date, then the Vendors will use reasonable commercial efforts following the Closing Date to obtain such consents and approvals.
- (d) **Transferred Information.** The Vendors agree:
- (i) to advise the Purchaser: (A) of all purposes for which the Transferred Information was initially collected from or in respect of the individual to which such Transferred Information relates; (B) of all additional purposes for which the Transferred Information has been collected, used or disclosed; and (C) where the Corporation has not provided such notices or obtained such consents as are required by Law in respect of such information or such purposes; and

- (ii) to, in conjunction with the Purchaser, in a manner and form approved by the Purchaser, acting reasonably, provide such notices and obtain such consents as are required by Law to permit the disclosure of the Transferred Information to the Purchaser and the continued use and disclosure, in a manner consistent with how such information is currently used or disclosed, of such information by the Purchaser following the Closing Date.

4.2. Covenants of the Purchaser

The Purchaser covenants to and with the Vendors that it will do, or cause to be done, the following:

- (a) **Completion of Go Public Event.** The Purchaser shall use reasonable commercial efforts to complete the Go Public Event on or before the Outside Date.
- (b) **Post-Closing Access.** After the Closing Date and upon reasonable notice, the Purchaser shall provide to the representatives, employees, counsel and accountants of the Vendors, access, during normal business hours, to examine the records of the Corporation and the Business that relate to periods prior to the Closing Date and will permit such persons to examine and copy such records to the extent reasonably requested by the Vendors in connection with the preparation of tax and financial reporting matters, audits, legal proceedings, governmental investigations and other business purposes.

4.3. Transaction Expenses

The Vendors or the Corporation shall pay the Transaction Expenses on or prior to the Closing; *provided, however*, if any of the Transaction Expenses have not been incurred at or prior to Closing, the Vendors shall pay such Transaction Expenses on or prior to the due date thereof.

4.4. Preparation of Tax Returns

- (a) On or before the statutory due date, the Vendors shall be responsible for preparing and filing, on behalf of and in the name of the Corporation, all Tax Returns of the Corporation required by law to be filed for any taxation year of the Corporation ending on the Closing Date that are not required to be filed on or before the Closing Date, provided that:
 - (i) the cost of preparing all such Tax Returns shall be for the account of the Vendors (as a post-closing adjustment to the Purchase Price or otherwise);
 - (ii) the Vendors shall be responsible for the payment of all Taxes due in respect of any such Tax Returns;
 - (iii) all such Tax Returns shall be consistent in all material respects with prior Tax Returns filed by the Corporation and its predecessors for prior taxation years, including claiming maximum deductions available to be claimed if claimed in such prior Tax Returns; and
 - (iv) prior to filing any such Tax Returns, the Vendors shall first supply draft copies of the documents to the Purchaser for input and comment and request that the Purchaser provides its consent to the filing of such Tax Returns, such consent not to be unreasonably withheld.

- (b) The Parties undertake to inform each other of, and to cooperate with each other in respect of, the preparation and filing of any Tax Returns of the Corporation required by law to be filed for any taxation year of the Corporation ending on or before the Closing Date and any audit inquiries with respect to any such Tax Returns involving the Corporation.
- (c) The Corporation's taxable year shall close with respect to the Purchased Interests as contemplated by United States Treasury Regulations Section 1.706-1(c)(2)(i). Vendors' distributive share of the Corporation's taxable income or loss for the taxable year of the Closing shall be determined on the basis of an interim closing of the books of the Corporation as of the close of business on the Closing Date, and shall not be based upon a proration of the taxable income or loss of the Corporation for the entire taxable year. If required, a Schedule K-1 to United States Form 1065 for Vendors based upon the allocation of the Vendors' distributive share set forth above shall be prepared as soon as reasonably practicable after the close of the taxable year and delivered to Vendors for purposes of facilitating the timely filing of any federal, state, and local tax returns of Vendors.
- (d) Upon the request of Purchaser, Vendors shall request the Corporation to make an election under Section 754 of the United States Internal Revenue Code, as amended, and reasonably cooperate with the Corporation in making this election.

ARTICLE 5 **CONDITIONS**

5.1. Conditions to Obligations of the Purchaser

The obligation of the Purchaser to complete the transactions contemplated by this Agreement is subject to the following conditions being fulfilled or performed at or before the Closing Time provided that the Purchaser may, in its sole discretion, waive any of such conditions:

- (a) **Accuracy of Representations and Warranties.** The representations and warranties of the Vendors contained in this Agreement will be true and accurate in all respects on the date hereof and as at the Closing Time in all respects with the same force and effect as though such representations and warranties had been made as of the Closing Time (or, if made as of a particular date, as of such date).
- (b) **Performance of Covenants.** The Vendors will have fulfilled, performed or complied with, or caused the Corporation to fulfill, perform or comply with all covenants and obligations contained in this Agreement required by them to be fulfilled, performed or complied with at or before the Closing Time, in all respects.
- (c) **Consents.** All of the consents described in Schedule 3.1(e) will have been obtained or given by the Vendors, as the case may be, and delivered to the Purchaser on terms acceptable to the Purchaser, in its sole discretion, and all such Required Consents will be in full force and effect as at the Closing Time.
- (d) **Closing Deliverables.** The Vendors, will have executed and delivered to, or will have caused to be executed and delivered to, the Purchaser at Closing the documents set out in Section 6.2(a) in form and substance satisfactory to the Purchaser, acting reasonably.
- (e) **No Legal Action or Proceedings.** No order, decision or ruling of any Governmental Authority will have been made, and no Legal Proceeding will be in progress, pending or

threatened which, in the opinion of Purchaser's Counsel, is likely to result in an order, decision or ruling:

- (i) to disallow, enjoin, prohibit or impose any limitations or conditions on the transactions contemplated by this Agreement or the right of the Purchaser to own the Purchased Interests; or
 - (ii) to impose any limitations or conditions which may have an adverse effect on the Business.
- (f) **No Conflict.** Neither the consummation of the transactions nor the performance of the obligations contemplated by this Agreement or any of the Transaction Agreements will, directly or indirectly (with or without notice or lapse of time), contravene or conflict with, or cause the Purchaser to suffer any adverse consequence under any Law.
- (g) **Material Adverse Change.** As of the Closing Date, no Material Adverse Change will have occurred in connection with the Corporation's assets or Business, and no Law will have been introduced which might reasonably be expected to constitute a Material Adverse Change.
- (h) **Go Public Event.** The Purchaser will have completed the Go Public Event.
- (i) **Pre-Closing Reorganization.** The Pre-Closing Reorganization shall have been completed.

5.2. Conditions to the Obligations of the Vendors

The obligation of the Vendors and the Principals to complete the transactions contemplated by this Agreement are subject to the following conditions being fulfilled or performed at or before the Closing Time provided that the Vendors may, in their sole discretion, waive any of such conditions:

- (a) **Accuracy of Representations and Warranties.** The representations and warranties of the Purchaser contained in this Agreement and in all applicable Ancillary Agreements will be true and accurate in all respects on the date hereof and as at the Closing Time in all respects with the same force and effect as though such representations and warranties had been made as of the Closing Time (or, if made as of a particular date, as of such date).
- (b) **Performance of Covenants.** The Purchaser will have fulfilled, performed or complied with all covenants and obligations contained in this Agreement and in any Ancillary Agreement required by it to be fulfilled, performed or complied with at or before the Closing Time in all respects.
- (c) **Closing Deliverables.** The Purchaser will have executed and delivered to the Vendors at Closing the documents set out in Section 6.2(b) in form and substance satisfactory to the Vendors, acting reasonably.
- (d) **No Legal Action or Proceedings.** No order, decision or ruling of any Governmental Authority will have been made, and no Legal Proceeding will be in progress, pending or threatened which, in the opinion of Vendors' Counsel, is likely to result in an order, decision or ruling, to disallow, enjoin or prohibit or impose any limitations or conditions

on the transactions contemplated by this Agreement or the right of the Purchaser to own the Purchased Shares.

- (e) **Go Public Event.** The Go Public Event shall have been completed.
- (f) **Pre-Closing Reorganization.** The Pre-Closing Reorganization shall have been completed.

ARTICLE 6 **CLOSING**

6.1. Closing Arrangements

Subject to the terms and conditions hereof, the Transaction shall be completed at the Closing Time on the Closing Date at the offices of the Purchaser's Counsel in Vancouver, British Columbia, or at such other place or places as may be mutually agreed upon by the Parties.

6.2. Documents to be Delivered

At or before the Closing Time on the Closing Date, the Vendors shall execute, or cause to be executed, and shall deliver, or cause to be delivered, to the Purchaser, all agreements, instruments, notices, certificates and other documents which are to be delivered by the Vendors pursuant to the provisions of this Agreement, in form satisfactory to the Purchaser, acting reasonably, and the Purchaser shall execute, or cause to be executed, and shall deliver, or cause to be delivered to the Vendors, in form satisfactory to the Vendors, acting reasonably, all cheques or bank drafts or funds flow directions and all agreements, instruments, notices, certificates and other documents which the Purchaser are to deliver or cause to be delivered pursuant to the provisions of this Agreement, including the following:

- (a) Documents to be delivered by the Vendors:
 - (i) the Corporation's corporate record book;
 - (ii) certified copies of all necessary corporate resolutions, authorizations and proceedings of the Corporation and the Vendors that are required to be taken or obtained to permit the due and valid transfer of the Purchased Interests to and in the name of the Purchaser and the completion of the Transaction;
 - (iii) the consents described in Schedule 3.1(e);
 - (iv) a duly executed receipt in favour of the Purchaser for the Cash Amount and the Consideration Shares;
 - (v) certificates representing the Purchased Interests, duly endorsed for transfer to the Purchaser;
 - (vi) duly executed certificates representing the Purchased Interests registered in the name of the Purchaser;
 - (vii) duly executed copies of the Transaction Documents by the Vendors, as applicable;

- (viii) a certificate of status, compliance, good standing or like certificate with respect to the Corporation issued by the appropriate government officials of the jurisdiction of such entity's incorporation;
 - (ix) resignations and mutual releases between the Corporation and the directors and officers thereof;
 - (x) release of the Vendors in favour of the Corporation; and
 - (xi) all such other documents and instruments that are incidental to the foregoing as the Purchaser may reasonably require.
- (b) Documents to be delivered by the Purchaser:
- (i) the Cash Amount in accordance with Section 2.2(b);
 - (ii) the certificates for the Consideration Shares in accordance with Section 2.2(c);
 - (iii) a certified copy of resolutions of the directors of the Purchaser as may be required in order to authorize the execution, delivery and performance of this Agreement;
 - (iv) duly executed copies of the Transaction Documents by the Purchaser; and
 - (v) all such other documents and instruments that are incidental to the foregoing that the Vendors may reasonably require.

ARTICLE 7

INDEMNIFICATION

7.1. Indemnity by the Vendors

The Vendors hereby agree to jointly and severally indemnify, and save harmless the Purchaser, the Corporation and each of their directors, officers and shareholders from and against any Losses which may be made or brought against any of the foregoing or which any of the foregoing may suffer or incur as a result of, in respect of or arising out of:

- (a) any non-performance or non-fulfillment of any covenant or agreement on the part of any Vendor contained in this Agreement, the Transaction Documents or in any other document given in order to carry out the Transaction;
- (b) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by any Vendor in this Agreement, the Transaction Documents or contained in any other document or certificate given in order to carry out the Transaction;
- (c) any Tax liabilities of the Corporation or any of their predecessors relating to the period prior the Closing Date, but arising at any time, including, without limitation, any Tax liabilities arising from or relating to the operation of the Business by the Vendors prior to the Closing;
- (d) any liabilities arising out of the Pre-Closing Reorganization;

- (e) any brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding made, or alleged to have been made, by any Person with the Corporation or the Vendors in connection with the Transaction.
- (f) all costs and expenses including, without limitation, legal fees on a solicitor and client basis, incidental to or in respect of the foregoing; and

7.2. Indemnity by the Purchaser

The Purchaser hereby agrees to indemnify and save harmless the Vendors from and against any Losses which may be made or brought against the Vendors or which the Vendors may suffer or incur as a result of, in respect of or arising out of:

- (a) any non-performance or non-fulfillment of any covenant or agreement on the part of the Purchaser contained in this Agreement, the Transaction Documents or in any other document given thereby in order to carry out the Transaction;
- (b) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Purchaser contained in this Agreement, the Transaction Documents or contained in any other document or certificate given in order to carry out the Transaction; and
- (c) all costs and expenses including, without limitation, legal fees on a solicitor-and-his-own-client basis, incidental to or in respect of the foregoing.

7.3. Survival of Representations and Warranties

- (a) The representations and warranties contained in this Agreement or in any Transaction Document shall survive the Closing and, notwithstanding such Closing, shall continue in full force and effect for the benefit of the Parties.
- (b) No claim may be made or brought by the Purchaser for indemnity resulting from a breach of a representation or warranty made by the Vendors in this Agreement, unless notice of such claim is provided to the Vendors on or before the date which is two years from the Closing Date.
- (c) No claim may be made or brought by the Vendors for indemnity resulting from a breach of a representation or warranty made by the Purchaser in this Agreement, unless notice of such claim is provided to the Purchaser on or before the date which is two years from the Closing Date.
- (d) Any claim which is based upon intentional misrepresentation or fraud by the Purchaser or the Vendor may be made or brought by the Vendors or Purchaser, as applicable, at any time for the maximum period permitted by applicable Law.

7.4. Materiality

For the purposes of this Article 7 and for the purposes of determining any Losses incurred by the Parties, the representations and warranties of the Parties shall not be deemed qualified by any references to materiality.

ARTICLE 8
TERMINATION

8.1. Rights of Termination

This Agreement and the obligations of the Parties to complete the Acquisition may be terminated on or prior to Closing:

- (a) by the mutual written consent of the Vendors and the Purchaser;
- (b) by the Purchaser if:
 - (i) there has been a material breach of any representation, warranty, covenant or agreement made by the Vendors or Principals under this Agreement and such breach has not been waived by the Purchaser or cured by the Vendors within: (A) 10 days of the Vendors' receipt of written notice of such breach from the Purchaser; or (B) 24 hours of the Vendors' receipt of written notice of such breach from the Purchaser where the Purchaser acquires actual knowledge of the breach within 10 days of Closing; or
 - (ii) any of the conditions set out in Section 5.1 have not been fulfilled by the Outside Date unless such failure is due to the Purchaser's failure to perform or comply with any of the covenants, agreements or conditions to be performed or complied with by the Purchaser before the Closing Date;
- (c) by the Vendors if:
 - (i) there has been a material breach of any representation, warranty, covenant or agreement made by the Purchaser under this Agreement and such breach has not been waived by the Vendors or cured by the Purchaser within 10 days of the Purchaser's receipt of written notice of such breach from the Vendors; or
 - (ii) any of the conditions set out in Section 5.2 have not been fulfilled by the Outside Date unless such failure is due to the Vendors or the Principals' failure to perform or comply with any of the covenants, agreements or conditions to be performed or complied with by them before the Closing Date;

8.2. Treatment of Deposit

Each of the Parties hereby that, upon a termination pursuant to Section 8.1, the Deposit shall be treated as follows:

- (a) in the event the Agreement is terminated pursuant to Section 8.1(a) or Section 8.1(b), the Deposit shall be returned in full to the Purchaser;
- (b) in the event the Agreement is terminated pursuant to Section 8.1(c), the Deposit shall be returned in full to the Purchaser less \$50,000 which shall be retained by the Vendors.

ARTICLE 9
GENERAL PROVISIONS

9.1. Further Assurances

Each of the Parties hereby covenants and agrees that, at any time and from time to time after the Closing Date, it will, upon the request of any other Party, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers, conveyances and assurances as may be reasonably required for the better carrying out and performance of all the terms of this Agreement.

9.2. 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.

9.3. Notices

(a) Any notice, designation, communication, request, demand or other document, required or permitted to be given or sent or delivered hereunder to any Party hereto shall be in writing and shall be sufficiently given or sent or delivered if it is:

- (i) delivered via courier to such Party;
- (ii) sent to the Party entitled to receive it by mail, postage prepaid, mailed in Canada or the U.S.; or
- (iii) distributed via electronic transmission;

(b) Notices shall be sent to the following addresses or facsimile numbers:

- (i) in the case of the Vendors:

[Confidential information redacted]

with a copy to Vendors' Counsel at:

Schervenka Law, LLC
12970 W. Bluemound Road, Suite 103
Elm Grove, WI 53122

Attention: Attorney Joseph W. Schervenka
Email: *[Confidential information redacted]*

- (ii) in the case of the Purchaser:

Vejii Holdings Ltd.
33-14057 60A Avenue
Surrey, BC V3X 0J2

Attention: Darren Gill
Email: *[Confidential information redacted]*

with a copy to the Purchaser's Counsel at:

Bennett Jones LLP
2500 Park Place
666 Burrard Street
Vancouver, British Columbia
Canada V6E 2X8

Attention: Lisa Stewart
Facsimile: *[Confidential information redacted]*

or to such other address or email as the Party entitled to or receiving such notice, designation, communication, request, demand or other document shall, by a notice given in accordance with this Section, have communicated to the Party giving or sending or delivering such notice, designation, communication, request, demand or other document.

- (c) Any notice, designation, communication, request, demand or other document given or sent or delivered as aforesaid shall:
- (i) if personally delivered, be deemed to have been given, sent, delivered and received on the date of delivery;
 - (ii) if sent by mail as aforesaid, be deemed to have been given, sent, delivered and received on the fourth Business Day following the date of mailing, unless at any time between the date of mailing and the fourth Business Day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mails, allowing for such discontinuance or interruption of regular postal service;
 - (iii) if sent by overnight courier, be deemed to have been given, sent, delivered and received on the first Business Day following the date of delivery to the overnight courier; and
 - (iv) if sent by email be deemed to have been given, sent, delivered and received on the date the sender receives the confirmation of transmission.

9.4. Counterparts

This Agreement may be executed in any number of counterparts and by different Parties on separate counterparts, each of which, when so executed (as evidenced by an original or facsimile or PDF signature), shall be deemed to be an original and all of which, when taken together, shall constitute one and the same agreement.

9.5. Independent Legal Advice

The Parties hereby acknowledge and confirm that:

- (a) they have been independently advised by counsel in respect of the provisions of this Agreement prior to executing the Agreement; and
- (b) the Parties have negotiated the provisions hereof on an equal footing based on equal bargaining power.

9.6. Expenses of Parties

Each of the Parties hereto shall bear all expenses incurred by it in connection with this Agreement including, without limitation, the charges of its respective counsel, accountants, financial advisors, environmental consultants and finders.

9.7. Announcements

No announcement with respect to this Agreement will be made by any Party hereto without the prior written consent of the other Party, not to be unreasonably withheld. Notwithstanding the foregoing, the Purchaser shall be entitled to make announcements with respect to the transactions contemplated by this Agreement on or after the date that is 30 days following the Closing Date, provided that, prior to any such announcement, the Purchaser shall provide to the Vendors a draft of such announcement, and shall accept any reasonable comments thereon. The foregoing shall not apply to: (a) any announcement by any Party required in order to comply with Laws or policies pertaining to timely disclosure, provided that such Party consults with the other Party before making such announcement; or (b) any reasonable internal announcements made to employees or other representatives of the Purchaser or the Corporation.

9.8. Assignment

The rights of the Vendors hereunder shall not be assignable without the prior written consent of the Purchaser. The rights of the Purchaser hereunder shall not be assignable without the written consent of the Vendors, unless such assignment is made, upon reasonable notice to the Vendors, to an Affiliate of the Purchaser, in which case no such consent shall be required, provided that in connection with such assignment the Purchaser will remain liable in respect of all obligations and liabilities hereunder.

9.9. Successors and Assigns

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns, as the case may be. Nothing herein, express or implied, is intended to confer upon any Person, other than the Parties hereto and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

9.10. Entire Agreement

This Agreement and the Schedules referred to herein constitute the entire agreement between the Parties hereto and, except as otherwise stipulated herein, supersedes all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the subject matter hereof including, for greater certainty, the Letter of Intent.

9.11. Non-Merger

Except as otherwise expressly provided in this Agreement, the covenants, representations and warranties shall not merge on and shall survive the Closing and shall continue in full force and effect. Closing shall not prejudice any right of one Party against the other Party in respect of anything done or omitted under this Agreement or in respect of any right to damages or other remedies.

9.12. Additional Remedies

Each of the Parties hereto acknowledges and understands that non-performance or threatened non-performance of the covenants contained herein may not be compensable in damages. Accordingly, each of the Parties agrees and accepts that any adverse Party may, in addition to any other remedy for relief, enforce the performance of any covenant of this Agreement by injunction or specific performance upon application to a court of competent jurisdiction without proof of actual damages to such Party or notwithstanding that damages may be readily quantifiable and each of the Parties agrees not to plead sufficiency of damages as a defence in any proceeding for such injunctive relief brought by the other Party.

9.13. Waiver

Any Party hereto which is entitled to the benefits of this Agreement may, and has the right to, waive any term or condition hereof at any time on or prior to the Closing Time on the Closing Date; *provided, however*, that such waiver shall be evidenced by written instrument duly executed on behalf of such Party.

9.14. Amendments

No modification or amendment to this Agreement may be made unless agreed to by the Parties hereto in writing.

9.15. Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable Laws, the Parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The Parties shall engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

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

VEJII HOLDINGS LTD.

"Darren Gill"

Per:

Name: Darren Gill
Title: Director

VEG ESSENTIALS LLC

"Ryan J. Wilson"

Per:

Name: Ryan J. Wilson
Title: Member

"Ryan J. Wilson"

RYAN J. WILSON

"Mary Courtney Ernster"

MARY COURTNEY ERNSTER