

SHARE PURCHASE AGREEMENT
BETWEEN
PM GAMING LEGACY INC.
AND
KINGS ENTERTAINMENT GROUP INC.

Dated as of December 8, 2023

TABLE OF CONTENTS

	Page
Article 1 Definitions	2
1.1 Definitions.....	2
Article 2 Purchase and Sale	10
2.1 Purchase and Sale.	10
2.2 Consideration.	10
2.3 Closing.	10
2.4 Future Sale.	11
Article 3 Representations and Warranties of the Vendor	11
3.1 Corporate Status and Authorization of the Vendor.....	12
3.2 Corporate Status and Registration of the Kings Subsidiaries.	12
3.3 Solvency.....	12
3.4 Capitalization; Title to Purchased Shares.	12
3.5 No Subsidiaries.	13
3.6 No Conflicts; Consents.	13
3.7 No Liabilities.	14
3.8 Absence of Certain Changes, Events and Conditions.....	14
3.9 Material Contracts.....	16
3.10 Title to Assets; Real Property; Leases.	16
3.11 Intellectual Property.....	16
3.12 Accounts Receivable.....	17
3.13 Accounts Payable.....	17
3.14 Insurance.	17
3.15 Legal Proceedings; Governmental Orders.	18
3.16 Compliance with Laws; Permits.	18
3.17 Benefit Plans.	18
3.18 Employment Matters.....	19
3.19 Taxes.	20
3.20 Related Person Transactions.	21
3.21 Books and Records.	22
3.22 Accounts.	22

3.23	Brokers.....	22
3.24	Anti-Money Laundering and Anti-Corruption Practices.	22
Article 4 Representations and Warranties of The Purchaser		23
4.1	Corporate Status and Authorization of the Purchaser.....	23
4.2	No Conflicts; Consents.	23
4.3	Legal Proceedings.....	24
4.4	Funds Available.	24
Article 5 Covenants.....		24
5.1	Conduct of Business Before the Closing.	24
5.2	Access to Information.....	25
5.3	Notice of Certain Events.....	25
5.4	Resignations.....	26
5.5	Confidentiality.	26
5.6	Exclusive Dealing.....	26
5.7	Personal Information Privacy.	27
5.8	Books and Records.	27
5.9	Benefit Plans and Employees.....	28
5.10	Governmental Filings, Approvals and Consents.	28
5.11	Pre-Closing Tax Period and Straddle Period.	28
5.12	Notice of Untrue Representation or Warranty.....	29
5.13	Actions to Satisfy Closing Conditions.....	29
5.14	Public Announcements.	30
5.15	Non-Competition and Non-Solicitation.....	30
5.16	Further Assurances.....	31
Article 6 Conditions to Closing		32
6.1	Conditions to Obligations of All Parties.....	32
6.2	Conditions for the Benefit of the Purchaser.....	32
6.3	Conditions for the Benefit of the Vendor.	34
Article 7 Indemnification.....		35
7.1	Survival.....	35
7.2	Indemnification in Favour of the Purchaser.....	36
7.3	Indemnification in Favour of the Vendor.	36
7.4	Limitations on Indemnification.....	36

7.5	Notification.	37
7.6	Limitation Periods.....	38
7.7	Direct Claims.	38
7.8	Procedure for Third Party Claims.	39
7.9	Set-Off.....	40
7.10	Fraud and Other Remedies.....	41
Article 8 Termination.....		41
8.1	Termination.....	41
8.2	Effect of Termination.....	42
Article 9 Miscellaneous		42
9.1	Expenses.	42
9.2	Notices.	43
9.3	Interpretation.....	43
9.4	Headings.	44
9.5	Severability.	44
9.6	Entire Agreement.	44
9.7	Successors and Assigns.....	44
9.8	Third-Party Beneficiaries.....	44
9.9	Amendment and Modification; Waiver.	45
9.10	Governing Law; Forum Selection; Choice of Language.	45
9.11	Specific Performance.	45
9.12	Counterparts.	45

SHARE PURCHASE AGREEMENT

THIS AGREEMENT is made effective as of the 8th day of December, 2023 (the “**Effective Date**”),

BETWEEN:

KINGS ENTERTAINMENT GROUP INC., a corporation incorporated and existing under the laws of the Province of British Columbia

(the “**Vendor**”)

AND:

PM GAMING LEGACY INC., a corporation incorporated and existing under the laws of the Province of Ontario

(the “**Purchaser**”)

WHEREAS:

- A. Each of (i) Legacy Eight Curaçao NV, a corporation incorporated and existing under the laws of Curaçao (“**L8 Curaçao**”), (ii) Azteca Messenger Services S.A. de C.V., a corporation incorporated and existing under the laws of Mexico (“**Azteca**”), and (iii) Phoenix Digital Services Ltd., a corporation incorporated and existing under the laws of England and Wales (“**Phoenix**”), is a wholly-owned subsidiary of the Vendor;
- B. Each of (i) Bulleg Eight Limited, a corporation incorporated and existing under the laws of Cyprus (“**Bulleg**”), and (ii) Legacy Eight Malta Ltd., a corporation incorporated and existing under the laws of Malta (“**L8 Malta**”), is a wholly-owned subsidiary of L8 Curaçao;
- C. Litermi S.A., a corporation incorporated and existing under the laws of Uruguay (“**Litermi**”), is a wholly-owned subsidiary of Phoenix; and
- D. The Vendor wishes to sell and transfer to the Purchaser and the Purchaser wishes to purchase and accept from the Vendor all of the outstanding shares in L8 Curacao, Azteca and Phoenix (collectively, the “**Vendor Shares**”) in exchange for the Payment Consideration (as defined below) subject to the terms and conditions set forth in this Agreement (the “**Transaction**”).

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Definitions.

For the purpose of this Agreement, terms used in this Agreement and not otherwise defined will have the respective meanings set out below. Grammatical variations of such terms will have corresponding meanings:

“Accounts Payable” means any accrued trade accounts payable of and to the Kings Subsidiaries incurred prior to the Closing Date.

“Accounts Receivable” means all trade and other receivables of the Kings Subsidiaries as determined in accordance with IFRS, excluding (i) Related Person Receivables; (ii) receivables due or unpaid more than 90 days after the original due date or 120 days after the original invoice date; and (iii) uncollectable or doubtful accounts.

“Action” means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena, notice of assessment, notice or reassessment or investigation of any nature, civil, criminal, administrative, investigative, regulatory or otherwise, whether at law or in equity.

“Affiliate” when used to indicate a relationship with a specified Person, means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person and a Person shall be deemed to be controlled by another Person if controlled in any manner whatsoever that results in control in fact by that other Person (or that other Person and any Person or Persons with whom that other Person is acting jointly or in concert), whether directly or indirectly. For the purposes of this definition, “control”, when used with respect to any specified Person, means the power to appoint or remove the members of the management board or a similar body of that Person with decisive voting power in such body), whether through ownership of securities, by trust, by contract or otherwise; and the term “controlled” has a corresponding meaning; *provided that*, in any event, any Person that owns directly, indirectly or beneficially 50% or more of the securities having voting power for the election of directors or other governing body of a corporation or 50% or more of the partnership interests or other ownership interests of any other Person will be deemed to control that Person.

“Agreement” means this agreement and all schedules, all exhibits and all instruments supplemental to it or in amendment or confirmation of it.

“Articles” means the original or restated articles of incorporation, articles of amendment, articles of continuance, articles of constitution, articles of amalgamation, articles of arrangement, articles of reorganization, articles of dissolution, articles of revival, letters patent, supplemental letters patent, a special act, memorandum and articles of association or any other instrument by which a corporation is incorporated.

“Assets” means all of the assets, real and personal, tangible and intangible of the Kings Subsidiaries.

“Balance Sheet Date” means June 30, 2023.

“Basket” has the meaning set forth in Section 7.4(d).

“Benefit Plan” means all Employee benefit plans, agreements, programs, policies, practices, material undertakings and arrangements (whether oral or written, formal or informal, funded or unfunded) maintained for, available to or otherwise relating to any Employees, directors or officers or former Employees, directors or officers of the Kings Subsidiaries, or any spouses, dependents or survivors of any Employee or former Employee of the Kings Subsidiaries, or in respect of which any of the Kings Subsidiaries is a party to or bound by or is obligated to contribute or in any way liable, whether or not insured or whether or not subject to any Law, including bonus, deferred compensation, incentive compensation, share purchase, share appreciation, share option, severance and termination pay, hospitalization, health and other medical benefits including medical or dental treatment or expenses, life and other insurance including accident insurance, vision, legal, long-term and short-term disability, salary continuation, vacation, supplemental unemployment benefits, education assistance, equity or equity-based compensation, change of control benefits, profit-sharing, mortgage assistance, Employee loan, Employee assistance and pension, retirement and supplemental retirement plans (including any defined benefit or defined contribution Pension Plan and any group registered retirement savings plan), and supplemental pension, except that the term “Benefit Plans” shall not include any statutory plans with which the Kings Subsidiaries are required to comply.

“Books and Records” means with respect to each of the Kings Subsidiaries, all of their respective (i) books of account, accounting records and other financial data and information, including copies of filed Tax Returns and assessments for each of the financial years commencing after the Tax year ended ten years before the Effective Date; (ii) corporate records; (iii) sales and purchase records, lists of suppliers and customers, business, engineering and consulting reports and research and development information; and (iv) other books, documents, files, records, data and information, financial or otherwise, including all data and information stored electronically or on computer related media.

“Business” means the business of the Kings Subsidiaries consisting of an online provider (message and insurance) to lottery customers, allowing them to participate in lotteries from any location and other related business.

“Business Day” means any day except Saturday, Sunday or any other day on which banks located in Vancouver, British Columbia or Toronto, Ontario are authorized or required by Law to be closed for business.

“Closing” has the meaning set forth in Section 2.3.

“Closing Date” has the meaning set forth in Section 2.3.

“Closing Time” means 10:00 a.m. Vancouver time on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing shall take place.

“Collective Agreement” means any collective agreement, letter of understanding, letter of intent or other written communication or Contract with any trade union, association that may qualify as a trade union, council of trade unions, employee bargaining agent or affiliated bargaining agent, which would cover any of the Employees.

“Contracts” means all contracts, leases, deeds, mortgages, licences, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

“Corporate IP” means all Intellectual Property that is owned or held for use by the Kings Subsidiaries.

“Corporate IP Agreements” means all licences, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, permissions and other Contracts (including any right to receive or obligation to pay royalties or any other consideration), whether written or oral, relating to Intellectual Property to which any of the Kings Subsidiaries is a party, beneficiary or otherwise bound.

“Corporate IP Registrations” means all Corporate IP that is subject to any issuance registration, application or other filing by, to or with any Governmental Authority or authorized private registrar in any jurisdiction, including registered trade-marks, domain names and copyrights, issued and reissued patents and pending applications for any of the foregoing.

“CSE” means the Canadian Securities Exchange.

“Direct Claim” has the meaning set forth in Section 7.7(a).

“Disclosure Schedules” means the schedules attached to this Agreement delivered by the Vendor to the Purchaser concurrently with the execution and delivery of this Agreement.

“Dollars” or **“\$”** means the lawful currency of Canada.

“Employees” means those individuals employed by any of the Kings Subsidiaries.

“Encumbrances” means any encumbrance or restriction of any kind or nature whatsoever and howsoever arising and includes a security interest, mortgage, easement, adverse ownership interest, defect on title, condition, right of first refusal, right of first offer, right-of-way, encroachment, building or use restriction, conditional sale agreement, hypothec, pledge, deposit by way of security, hypothecation, assignment, charge, security under sections 426 or 427 of the *Bank Act* (Canada), trust or deemed trust, voting trust or pooling agreement with respect to securities, any adverse claim, grant of any exclusive licence or sole licence, or any other right, option or claim of others of any kind whatsoever, and includes any agreement to give any of the foregoing in the future, and any subsequent sale or other title retention agreement or lease in the nature thereof, affecting the Kings Subsidiaries, the Vendor Shares or the Assets.

“FACFOA” has the meaning set forth in Section 3.24(b).

“Future Sale” has the meaning set forth in Section 2.4.

“Future Sale Cash Payment” has the meaning set forth in Section 2.4.

“Future Sale Proceeds” has the meaning set forth in Section 2.4.

“Financial Statements” means the consolidated financial statements of the Vendor and the Kings Subsidiaries filed by or on behalf of the Vendor on SEDAR+ for the interim period ending on the Balance Sheet Date.

“Governmental Authority” means any: (i) court, tribunal, judicial body or arbitral body or arbitrator; (ii) domestic or foreign government or supranational body or authority whether multinational, national, federal, provincial, territorial, state, municipal or local and any governmental agency, governmental authority, governmental body, governmental bureau, governmental department, governmental tribunal or governmental commission of any kind whatsoever; (iii) subdivision or authority of any of the foregoing; (iv) quasi-governmental or private body or public body exercising any regulatory, administrative, expropriation or taxing authority under or for the account of the foregoing; (v) stock or securities exchange; and (vi) public utility authority.

“Governmental Order” means any order, writ, judgment, injunction, decree, stipulation, determination, award, decision, sanction or ruling entered by or with any Governmental Authority.

“IFRS” means International Financial Reporting Standards.

“Indebtedness” means all: (i) outstanding principal amount, accrued and unpaid interest on, and other payment obligations of, each of the Kings Subsidiaries, including any prepayment penalties and premiums, in each case payable as a result of the consummation of the transactions contemplated by this Agreement; obligations of each of the Kings Subsidiaries consisting of (ii) indebtedness for borrowed money or indebtedness issued in substitution or exchange for borrowed money (including under any credit facility), or (iii) indebtedness evidenced by any note, bond, debenture or other debt security or Contract, in each case, as of such time; (iv) loans, grants or schemes of any Governmental Authority that require reimbursement by any of the Kings Subsidiaries; (v) obligations of each of the Kings Subsidiaries under any interest rate, currency or other hedging, derivative or swap, collar, cap or similar hedging arrangement, determined as if such instrument were terminated at the applicable time of determination; (vi) outstanding reimbursement obligations of any of the Kings Subsidiaries in respect of drawn letters of credit issued for the account of any of the Kings Subsidiaries, or banker’s acceptances or similar arrangements, whether or not drawn; (f) obligations of each of the Kings Subsidiaries to pay any amount in connection with any deferred purchase price of property or services (including earn-outs, seller notes or any form of contingent or deferred payment obligation) with respect to the acquisition of any business, assets, or securities, other than trade payables in the Ordinary Course; (g) obligations under Leases which have been or must be, in accordance with IFRS, recorded as capital leases in respect of which any Kings Subsidiaries are liable as lessee, (h) interest, fees, prepayment premiums and other expenses owed by any of the Kings Subsidiaries with respect to any of the indebtedness referred to above; and (i) indebtedness referred to above which is, directly or indirectly, guaranteed by any of the Kings Subsidiaries or which any of the Kings Subsidiaries have agreed (contingently or otherwise) to purchase or otherwise acquire, or in respect of which any of the Kings Subsidiaries has otherwise assured a creditor against loss.

“Indemnified Person” has the meaning set forth in Article 7.

“Indemnifying Party” has the meaning set forth in Article 7.

“Independent Contractor” means: (i) any individual who is not, or was not (with respect to former Independent Contractors), an Employee, officer or director of any of the Kings Subsidiaries, or any such individual’s personal services company, and which individual or personal services company receives or received remuneration from any of the Kings Subsidiaries under a Contract for services; and (ii) any individual who is an Employee, officer or director of any of the Kings Subsidiaries, but who in the past was an individual who was not an Employee, officer or director of any of the Kings Subsidiaries or any

such individual's personal services company, and which individual or personal services company received remuneration from any of the Kings Subsidiaries under a Contract for services.

“Insurance Policies” has the meaning set forth in Section 3.14.

“Intellectual Property” means all intellectual property and industrial property rights and Assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, under the Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (i) trade-marks, service marks, trade names, brand names, logos, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of and symbolized by, and all registrations, applications and renewals for, any of the foregoing; (ii) all business names, corporate names, telephone numbers and other communication addresses owned or used by the Kings Subsidiaries; (iii) internet domain names, whether or not trade-marks, registered in any top-level domain by any authorized private registrar or Governmental Authority, web addresses, web pages, websites and related content, accounts with social media companies and the content found thereon and related thereto, and URLs; (iv) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer and moral rights, and all registrations, applications for registration and renewals of such copyrights; (v) all industrial designs and applications for registration of industrial designs and industrial design rights, design patents and industrial design registrations owned or used by the Kings Subsidiaries; (vi) inventions, discoveries, trade secrets, business and technical information and know-how, databases, data collections and other confidential and proprietary information and all rights therein; (vii) patents (including all patent registrations, reissues, divisional applications or analogous rights, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications and other patent rights and any other Governmental Authority issued indicia of invention ownership (including inventor's certificates and patent utility models); and (viii) Software.

“Interim Period” means the period from the Effective Date until the Closing.

“Kings Securities” has the meaning set forth in Section 3.4.

“Kings Subsidiaries” means, collectively, L8 Curacao, Azteca, Phoenix, Bulleg, L8 Malta and Litermi.

“Law” means any statute, law, ordinance, regulation, rule, instrument, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

“Letter of Intent” means the letter of intent dated October 17, 2023, between the Purchaser and the Vendor related to the Transaction.

“Liabilities” has the meaning set forth in Section 3.7.

“Losses” means losses, damages, Liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including legal fees, disbursements and charges on a substantial indemnity basis and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; provided that “Losses” shall not include punitive or exemplary damages, except in the case of fraud or in the case of a Third Party Claim.

“Material Adverse Effect” means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to: (a) the business, results of operations, condition (financial or otherwise) or Assets of the Kings Subsidiaries; provided that: (i) “Material Adverse Effect” shall not include any event, occurrence, effect, condition or change, directly or indirectly, arising out of or attributable to: (A) any changes in general economic or political conditions; (B) conditions generally affecting the industries in which the Kings Subsidiaries operate; (C) any changes in financial or securities markets in general; (D) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (E) general outbreaks of illness; (F) any changes in applicable Laws or accounting rules or principles, including IFRS; or (G) the public announcement, pendency or completion of the transactions contemplated by this Agreement; and (ii) any event, occurrence, fact, condition or change referred to in clauses (i)(A) through (F) shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the Kings Subsidiaries compared to other participants in the industries in which the Kings Subsidiaries conduct their businesses.

“Material Contracts” has the meaning set forth in Section 3.9(a).

“Ordinary Course”, when used in relation to the conduct of the Business, means any transaction that constitutes an ordinary day-to-day business activity of any of the Kings Subsidiaries conducted in a manner consistent with their respective past practice.

“Outside Date” means March 31, 2024 or such other date as the Parties may agree to in writing.

“Parties” means the Vendor and the Purchaser and any other Person who may become a party to this Agreement.

“Payment Consideration” has the meaning set forth in Section 2.2.

“Pension Plan” means a “registered pension plan” as that term is defined in section 248(1) of the Tax Act or any other pension, pre-pension and voluntary early retirement, death, disability, sickness and similar arrangements of the Kings Subsidiaries applying to any Employee or former Employee, including any proposed amendments to such arrangements, or other commitments that have, explicitly or tacitly, been made to any Employee or former Employee.

“Permits” means all permits, licences, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from Governmental Authorities.

“Permitted Encumbrances” means: (i) statutory Encumbrances for current Taxes, special assessments or other governmental charges not yet due and payable or delinquent or, if overdue, that are being contested diligently and in good faith by appropriate proceedings and for which adequate reserves are being maintained and for which appropriate accruals have been established in the Financial Statements in accordance with IFRS; and (ii) Encumbrances listed in Schedule 1.1(i) of the Disclosure Schedules but only to the extent such Encumbrances conform to their description in Schedule 1.1(i) of the Disclosure Schedules.

“Person” means an individual, corporation, company, limited liability company, body corporate, partnership, joint venture, Governmental Authority, unincorporated organization, trust, association or other entity.

“Personal Information” means any factual or subjective information, recorded or not, about an Employee, Independent Contractor, contractor, agent, consultant, officer, director, executive, client, customer or supplier of the Kings Subsidiaries who is a natural person or a natural person who is a shareholder of the Vendor, or about any other identifiable individual, including any record that can be manipulated, linked or matched by a reasonably foreseeable method to identify an individual, but does not include the name, title or business address or telephone number of an Employee.

“Pre-Closing Tax Period” means Tax Periods ending on or prior to the Closing Date.

“Purchaser” has the meaning set forth in the preamble.

“Purchaser Group” has the meaning set forth in Section 2.4.

“Purchaser Fundamental Representations” means the representations and warranties of the Purchaser in Section 4.1 (*Corporate Status and Authorization of the Purchaser*).

“Purchaser’s Knowledge” or any other similar knowledge qualification means the actual knowledge of any director or officer of the Purchaser, after reasonable inquiry.

“Real Property” means the rights, title, estate and interest, present or future, of the Kings Subsidiaries in and to the lands and premises used in Business as set out in Schedule 3.10 of the Disclosure Schedules, including all buildings, erections, structures, fixtures and improvements of any nature or kind now and hereafter situated thereon and all other appurtenances thereto.

“Related Person” has the meaning set forth in Section 3.20(a).

“Representative” means, with respect to any Person, any, and all, directors, officers, Employees, Independent Contractors, consultants, financial advisors, lawyers, accountants and other agents of such Person.

“Restricted Business” has the meaning set forth in Section 5.15(a)(i).

“Restricted Period” has the meaning set forth in Section 5.15.

“Restricted Territory” has the meaning set forth in Section 5.15(a)(i).

“Restrictive Covenants” has the meaning set forth in Section 5.15(a)(v).

“SEDAR+” means the System for Electronic Document Analysis and Retrieval + of the Canadian Securities Administrators.

“SEMA” has the meaning set forth in Section 3.24(b).

“Software” means computer programs, operating systems, applications, interfaces, applets, software scripts, macros, firmware, middleware, development tools and other codes, instructions or sets of

instructions for computer hardware or software, including SQL and other query languages, hypertext markup language, wireless markup language, xml and other computer markup languages, in object, source code or other code format.

“Straddle Period” means a Tax Period that does not begin or end on the Closing Date.

“Tax” or **“Taxes”** means all taxes, surtaxes, duties, levies, imposts, fees, assessments, reassessments, withholdings, dues and other charges of any nature, imposed or collected by any Governmental Authority, whether disputed or not, including federal, provincial, territorial, state, municipal and local, foreign and other income, franchise, capital, capital gain, corporate income tax (CIT), Real Property, personal property, withholding, payroll, transfer, value added tax (VAT), alternative, or add on minimum tax, sales, use, consumption, excise, customs, anti-dumping, countervail, net worth, stamp, registration, franchise, payroll, employment, education, business, local improvement, development and occupation taxes, duties, levies, imposts, fees, assessments and withholdings and as applicable, health and school taxes, contributions, social security charges, employment insurance premiums and all other taxes and similar governmental charges, levies or assessments of any kind whatsoever imposed by any Governmental Authority including any installment payments, interest, penalties or other additions associated therewith, whether or not disputed.

“Tax Act” means the *Income Tax Act* (Canada), as amended from time to time, and the regulations promulgated thereunder.

“Tax Period” means any period prescribed by any Governmental Authority for which a Tax Return is required to be filed or Tax is required to be paid.

“Tax Return” means all reports, returns, information returns, claims for refunds, elections, designations, estimates, reports and other documents, including any schedule or attachments thereto, filed or required to be filed or supplied to any Governmental Authority in respect of Taxes and including any amendment thereof or attachment thereto.

“Third Party Claim” means any Action that is instituted or asserted by a third party, including a Governmental Authority, against an Indemnified Person which entitles the Indemnified Person to make a claim for indemnification under this Agreement.

“Transaction” has the meaning set forth in the preamble.

“Transaction Documents” means this Agreement and all other documents contemplated herein.

“Vendor” has the meaning set forth in the preamble.

“Vendor Fundamental Representations” means the representations and warranties of the Vendor in Section 3.1 (*Corporate Status and Authorization of the Vendor*), Section 3.2 (*Corporate Status and Registration of the Kings Subsidiaries*), Section 3.4 (*Capitalization; Title to Purchased Shares*), and Section 3.5 (*No Subsidiaries*).

“Vendor Shares” has the meaning set forth in the preamble.

“**Vendor’s Knowledge**” or any other similar knowledge qualification means the actual knowledge of any director or officer of the Vendor, or any of the Kings Subsidiaries, after reasonable inquiry.

“**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

ARTICLE 2

PURCHASE AND SALE

2.1 Purchase and Sale.

Subject to the terms and conditions set forth herein, at the Closing, the Vendor shall sell and transfer to the Purchaser, and the Purchaser shall purchase from the Vendor, the Vendor Shares, free and clear of all Encumbrances, for the consideration specified in Section 2.2.

2.2 Consideration.

In consideration for the Vendor Shares, the Purchaser shall pay to the order and direction of the Vendor, \$175,000 in cash (the “**Payment Consideration**”). The Purchaser shall satisfy the Payment Consideration by payment to the order and direction of the Vendor by certified cheque, bank draft, wire transfer or other immediately available funds as follows:

- (a) one (1) cash payment in the amount of \$2,000 at the Closing Time;
- (b) eighty-six (86) separate cash payments of \$2,000 each, each payable monthly on the last day of each and every month, commencing on the last day of the month following the Closing Time; and
- (c) one (1) cash payment to the Vendor in the amount of \$1,000 on the last day of the month following the conclusion of the eighty-six (86) cash payments.

There shall be no adjustment made to the Payment Consideration at Closing. The Purchaser shall assume all working capital of the Business, and all cash accounts held by the Kings Subsidiaries at Closing will remain for the account of the Purchaser and will not be adjusted at Closing.

For greater certainty, any intercompany payables, obligations or any other Indebtedness of any of the Kings Subsidiaries owing or payable to the Vendor or any Affiliate or Related Person of the Vendor will be terminated, repaid, or assumed by the Vendor or an Affiliate or Related Person of the Vendor (other than any of the Kings Subsidiaries), on or prior to the Closing for no additional consideration whatsoever.

2.3 Closing.

Subject to the terms and conditions of this Agreement, the purchase and sale of the Vendor Shares contemplated hereby shall take place at a closing (the “**Closing**”) to be held at the Closing Time on the date that is three Business Days after the last of the conditions to Closing of this Agreement have been satisfied or waived by the Vendor and/or the Purchaser, as applicable (other than conditions which, by nature, are to be satisfied on the Closing Date), or at such other time or on such other date as the Vendor

and the Purchaser may mutually agree upon in writing, provided that such date will be no later than the Outside Date (the day on which the Closing takes place being the “**Closing Date**”).

2.4 Future Sale.

Following the Closing, and for a period of 36 months from the Closing Date, if the Purchaser or any Affiliate or Related Person of the Purchaser (collectively, the “**Purchaser Group**”) completes any sale (partial or otherwise) of the Kings Subsidiaries, the Kings Securities, the Business or the Assets to an arm’s length party (other than any internal reorganization, debt or equity financing, or transfer to any Affiliate of the Purchaser) (each sale being a “**Future Sale**”), then the Purchaser shall pay to the Vendor, on closing of each such Future Sale, a portion of the Total Consideration actually received by any member of the Purchaser Group from such Future Sale (the “**Future Sale Proceeds**”) by way of a cash payment equal to a percentage, as specified below, of the Future Sale Proceeds (a “**Future Sale Cash Payment**”) as follows:

- (a) if any member of the Purchaser Group completes a Future Sale on or before the date that is 12 months from the Closing Date, then the Purchaser shall pay to the Vendor a Future Sale Cash Payment equal to 20% of the applicable Future Sale Proceeds;
- (b) if any member of the Purchaser Group completes a Future Sale after the date that is 12 months from the Closing Date and on or before the date that is 24 months from the Closing Date, then the Purchaser shall pay to the Vendor a Future Sale Cash Payment equal to 15% of the applicable Future Sale Proceeds; and
- (c) if any member of the Purchaser Group completes a Future Sale after the date that is 24 months from the Closing Date and on or before the date that is 36 months from the Closing Date, then the Purchaser shall pay to the Vendor a Future Sale Cash Payment equal to 10% of applicable the Future Sale Proceeds.

For the purposes of this Section 2.4, the “**Total Consideration**” with respect to a Future Sale shall mean the aggregate value of (i) all cash, securities and other property paid or payable directly or indirectly by an acquirer in connection with such Future Sale, whether paid at or prior to or after the closing thereof and (ii) indebtedness payable to the seller in connection with such Future Sale, including all “earn-out” or other future payment obligations subject to the occurrence of any contingency, less all taxes and reasonable transaction fees and expenses (including reasonable costs and fees of legal counsel, investment advisors, financial advisors and accountants). The value of any securities (whether debt or equity) or other non-cash property shall be determined as follows: (A) the value of securities that are freely tradable in an established public market will be determined on the basis of the average closing market price on the last five trading days immediately prior to the closing of such Future Sale and (B) the value of securities that are not freely tradable or have no established public market and the value of other non-cash property shall be the fair market value thereof, as determined by the Purchaser and the Vendor, each acting reasonably.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE VENDOR

The Vendor represents and warrants to the Purchaser as follows and acknowledges and confirms that the Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement and the consummation of the Transaction:

3.1 Corporate Status and Authorization of the Vendor.

The Vendor has the power and capacity to enter into this Agreement and the other Transaction Documents to which the Vendor is a party, to carry out its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. The execution and delivery by the Vendor of this Agreement and any other Transaction Documents to which the Vendor is a party, the performance by the Vendor of its obligations hereunder and thereunder, and the consummation by the Vendor of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of the Vendor. This Agreement has been duly executed and delivered by the Vendor, and (assuming due authorization, execution and delivery by the Purchaser), this Agreement constitutes a legal, valid and binding obligation of the Vendor enforceable against the Vendor in accordance with its terms. When each other Transaction Document to which the Vendor is or will be a party has been duly executed and delivered by the Vendor (assuming due authorization, execution and delivery by each other party thereto), such Transaction Document will constitute a legal, valid and binding obligation of the Vendor enforceable against it in accordance with its terms.

3.2 Corporate Status and Registration of the Kings Subsidiaries.

The Kings Subsidiaries are entities duly incorporated or otherwise formed and validly existing under the Laws of their respective jurisdictions, and have not been discontinued or dissolved under such Laws. Except as set out in Schedule 3.2 of the Disclosure Schedules, no steps or Actions have been taken to authorize or require such discontinuance or dissolution, or the bankruptcy, insolvency, liquidation or winding up of any of the Kings Subsidiaries. The Kings Subsidiaries have submitted all notices or returns of corporate information and other filings required by Law to be submitted by them to any Governmental Authority, except where the failure to do so would not have a Material Adverse Effect. Each of the Kings Subsidiaries has the corporate power and capacity to own, operate or lease the properties and Assets now owned, operated or leased by it and to carry on its business as it has been and is currently conducted. All corporate actions taken by the Kings Subsidiaries in connection with this Agreement and the other Transaction Documents will be duly authorized on or before the Closing.

3.3 Solvency.

The Vendor is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and has not committed an act of bankruptcy, or made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof. The Vendor has not initiated any Action with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of the Vendor or any of the Vendor's assets and no execution or distress has been levied on any of assets of the Vendor (including the Vendor Shares), nor has any Action been commenced in connection with any of the foregoing.

3.4 Capitalization; Title to Purchased Shares.

- (a) The issued and outstanding capital of each of the Kings Subsidiaries is set out in Schedule 3.4(a) of the Disclosure Schedules. All of the issued and outstanding securities of each of the Kings Subsidiaries (collectively, the “**Kings Securities**”), including the Vendor Shares, have been duly authorized, are validly issued, fully paid and non-assessable, and are owned by the Persons as set out in Schedule 3.4(a), free and clear of all Encumbrances. The

Vendor has the exclusive right to dispose of the Vendor Shares being sold by it pursuant to this Agreement.

- (b) All of the Kings Securities were issued in compliance with applicable Laws. None of the Vendor Shares were issued in violation of any agreement, arrangement or commitment to which the Vendor or the Kings Subsidiaries is a party or are subject to, or in violation of any pre-emptive or similar rights of any Person.
- (c) Except as set out in Schedule 3.4(a), there are no outstanding or authorized debt or equity securities, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character relating to any shares in the capital of any of the Kings Subsidiaries or obligating the Vendor or any of the Kings Subsidiaries to issue or sell any shares of, or any other interest in, any of the Kings Subsidiaries.
- (d) The Kings Subsidiaries do not have any outstanding, and have not authorized any, equity compensation plan, share appreciation rights, phantom share rights, profit participation rights or similar rights.
- (e) There are no voting trusts or agreements, pooling agreements or other shareholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Kings Securities.

3.5 No Subsidiaries.

Except as set out in Schedule 3.5, none of the Kings Subsidiaries own or have any interest in any shares or other securities of, or any other ownership interest in, any other Person.

3.6 No Conflicts; Consents.

The execution, delivery and performance by the Vendor and, as applicable, each of the Kings Subsidiaries, of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Articles, by-laws or other constituting documents of the Vendor or any of the Kings Subsidiaries; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to the Vendor or any of the Kings Subsidiaries in any material respect; (c) require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of, or create in any party the right to accelerate, terminate, modify or cancel any Contract to which the Vendor or any of the Kings Subsidiaries is a party or by which the Vendor or any of the Kings Subsidiaries is bound or to which any of their respective Assets are subject (including any Material Contract) or any Permit affecting the Assets or Business of the Kings Subsidiaries; or (d) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on any Assets of the Kings Subsidiaries. Except as disclosed in Schedule 3.6 of the Disclosure Schedules, no consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to any Vendor or any of the Kings Subsidiaries in connection with the execution and delivery of this Agreement or any other Transaction Documents or the consummation of the transactions contemplated hereby and thereby. No Actions are pending or, to Vendor's Knowledge, threatened against the Vendor or any of the

Kings Subsidiaries that (i) challenge or seek to prevent or delay consummation of the Transaction, (ii) are reasonably likely to result in the prevention or delay of the consummation of the Transaction, or (iii) assert the illegality of, or seek to render unenforceable, any material provision of this Agreement or any of the other Transaction Documents.

3.7 No Liabilities.

The Kings Subsidiaries have no liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured, or otherwise (collectively, the “**Liabilities**”), except: (a) those that are adequately reflected or reserved against in the Financial Statements as of the Balance Sheet Date; and (b) those that have been incurred in the Ordinary Course since the Balance Sheet Date and that are not, individually or in the aggregate, material in amount.

3.8 Absence of Certain Changes, Events and Conditions.

Since the Balance Sheet Date, and other than in the Ordinary Course, there has not been, with respect to any of the Kings Subsidiaries, any:

- (a) event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;
- (b) amendment of the Articles, by-laws or other constating documents of the Kings Subsidiaries;
- (c) split, consolidation or reclassification of any of the Kings Securities;
- (d) issuance, sale or other disposition of any of the Kings Securities or any other securities of the Kings Subsidiaries, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any shares in the Kings Subsidiaries;
- (e) declaration or payment of any dividends or distributions on or in respect of any of the Kings Securities or redemption, retraction, purchase or acquisition of any such Kings Securities;
- (f) material change in the Kings Subsidiaries’ cash management practices or their policies, practices and procedures with respect to collection of Accounts Receivable, establishment of reserves for uncollectible accounts, accrual of Accounts Receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue or acceptance of customer deposits;
- (g) entry into any Contract outside of the Ordinary Course;
- (h) incurrence, assumption or guarantee of any Indebtedness except unsecured current obligations and Liabilities incurred in the Ordinary Course;
- (i) transfer, assignment, sale or other disposition of any of the Assets shown or reflected in the Financial Statements or cancellation of any Indebtedness;

- (j) transfer, assignment or grant of any licence or sublicense of any material rights under or with respect to any Corporate IP or Corporate IP Agreements;
- (k) material damage, destruction or loss (whether or not covered by insurance) to or of any of the Assets;
- (l) capital investment in, or any loan to, any other Person;
- (m) acceleration, termination, material modification to or cancellation of any Contract to which any of the Kings Subsidiaries is a party or by which it is bound;
- (n) material capital expenditures;
- (o) imposition of any Encumbrance upon any of the Vendor Shares or Assets, tangible or intangible;
- (p) (i) grant or commitment to grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of their current or former Employees, officers, directors, Independent Contractors or consultants, other than as provided for in any written agreements or required by applicable Law; (ii) change in the terms of employment for any Employee or any termination of any Employees for which the aggregate costs and expenses exceed \$10,000; or (iii) action to accelerate the vesting or payment of any compensation or benefit for any current or former Employee, officer, director, Independent Contractor or consultant;
- (q) hiring or promoting, or commitment to hire or promote, any individual as or to (as the case may be) an officer or hiring or promoting any Employee below officer except to fill a vacancy in the Ordinary Course;
- (r) adoption, modification or termination of any: (i) employment, severance, retention or other agreement with any current or former Employee, officer, director, Independent Contractor or consultant; (ii) Benefit Plan; or (iii) Collective Agreement, in each case, whether written or oral;
- (s) loan to (or forgiveness of any loan to), or entry into any other transaction with, any of its Related Parties save as otherwise disclosed pursuant to this Agreement;
- (t) entry into a new line of business or abandonment or discontinuance of existing lines of business;
- (u) (i) adoption of any amalgamation, arrangement, reorganization, liquidation or dissolution or the commencement of any Action by any of the Kings Subsidiaries or their respective creditors seeking to adjudicate any of the Kings Subsidiaries as bankrupt or insolvent; (ii) making of a proposal with respect to the Kings Subsidiaries under any Law relating to bankruptcy, insolvency, reorganization, arrangement or compromise of debts or similar laws; (iii) appointment of a trustee, receiver, receiver-manager, agent, custodian or similar official for any of the Kings Subsidiaries or for any of the Assets;

- (v) purchase, lease or other acquisition of the right to own, use or lease any Assets for an amount in excess of \$50,000, individually (in the case of a lease, per annum) or \$50,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the Ordinary Course;
- (w) acquisition by amalgamation or arrangement with, or by purchase of a substantial portion of the Assets or shares of, or by any other manner, any business or any Person or any division thereof;
- (x) action to make, change or rescind any Tax election, amend any Tax Return or take any position on any Tax Return, take any action, omit to take any action or enter into any other transaction that would have the effect of increasing the Tax liability or reducing any Tax asset or attribute of any of the Kings Subsidiaries; or
- (y) Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

3.9 Material Contracts.

- (a) Schedule 3.9(a) of the Disclosure Schedules lists all of Contracts that are material to any of the Kings Subsidiaries or the operation of the Business (collectively, the “**Material Contracts**”).
- (b) Each Material Contract is valid and binding on each of the Kings Subsidiaries party to such Material Contract in accordance with its terms and is in full force and effect. To the Vendor’s Knowledge, none of the Kings Subsidiaries or any other party thereto is in material breach of or material default under (or, to the Vendor’ Knowledge, is alleged to be in material breach of or material default under), or has provided or received any notice of any intention to terminate, any Material Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof, or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. For the purpose of this Section 3.9 a breach or default shall be deemed to be material if it can be reasonably expected to have a material effect on the Business.

3.10 Title to Assets; Real Property; Leases.

- (a) The Kings Subsidiaries are the legal and beneficial owner of the personal property and other Assets reflected in the Financial Statements except as otherwise set out in the Financial Statements.
- (b) The Kings Subsidiaries do not and have not directly or indirectly owned any legal or beneficial interest in any Real Property.

3.11 Intellectual Property.

- (a) All required filings and fees related to the Corporate IP Registrations have been timely filed with and paid to the relevant Governmental Authorities and authorized registrars, and

all Corporate IP Registrations are otherwise in good standing, except where failure to do so would not have a Material Adverse Effect.

- (b) Save as set out in Schedule 3.11 of the Disclosure Schedules, the Kings Subsidiaries are the sole and exclusive legal and beneficial, and with respect to the Corporate IP Registrations, registered, owners of all right, title and interest in and to the Corporate IP or hold a license to the same, and have the valid right to use all other Intellectual Property used in or necessary for the conduct of the Business or the Kings Subsidiaries' current operations in all material respects, and in each case, free and clear of Encumbrances other than Permitted Encumbrances.
- (c) The consummation of the transactions contemplated hereunder will not result in the loss or impairment of, or payment of any additional amounts with respect to, nor require the consent of any other Person in respect of, the Kings Subsidiaries' right to own, use or hold for use any Intellectual Property as owned, used or held for use in the conduct of the Business or the Kings Subsidiaries' operations as currently conducted.
- (d) There are no Actions (including any oppositions, expungement proceedings, interferences or re-examinations) settled, pending or threatened (including in the form of offers to obtain a licence): (i) alleging any infringement, misappropriation, dilution or violation of the Intellectual Property of any Person by any of the Kings Subsidiaries; (ii) challenging the validity, enforceability, registrability or ownership of any Corporate IP or the Kings Subsidiaries' rights with respect to any Corporate IP; or (iii) by any of the Kings Subsidiaries or any other Person alleging any infringement, misappropriation, dilution or violation by any Person of the Corporate IP. None of the Kings Subsidiaries are subject to any outstanding or prospective Governmental Order (including any application or petition therefor) that does or would restrict or impair the use of any Corporate IP.

3.12 Accounts Receivable.

All Accounts Receivable arising after the Balance Sheet Date: (a) have arisen from *bona fide* transactions entered into by the Kings Subsidiaries involving the sale of goods or the rendering of services in the Ordinary Course; and (b) to the Vendor's Knowledge, constitute only valid, undisputed claims of the Kings Subsidiaries not subject to claims of set-off or other defences or counter-claims other than normal cash discounts accrued in the Ordinary Course, or other defences or counter-claims to a maximum value of \$1,000 per claim.

3.13 Accounts Payable.

The Kings Subsidiaries have paid their respective Accounts Payable in a timely manner and in the Ordinary Course and none of the Accounts Payable are overdue.

3.14 Insurance.

All insurance policies held by the Kings Subsidiaries as of the Effective Date are in full force and effect and shall remain in full force and effect following the consummation of the transactions contemplated by this Agreement (collectively, the "**Insurance Policies**"). Neither of the Vendor nor any of its Affiliates (including the Kings Subsidiaries) have received any written notice of cancellation of, premium increase

with respect to, or alteration of coverage under, any of any Insurance Policies. All premiums due on the Insurance Policies have either been paid or, if due and payable before Closing, will be paid before Closing in accordance with the payment terms of each Insurance Policy. All such Insurance Policies: (a) are valid and binding in accordance with their terms; and (b) have not been subject to any lapse in coverage. There are no claims related to the business of the Kings Subsidiaries pending under any Insurance Policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. To the Vendor's Knowledge, neither the Vendor nor any of its Affiliates (including the Kings Subsidiaries) is in default under, or has otherwise failed to comply with, in any material respect, any provision contained in any Insurance Policy.

3.15 Legal Proceedings; Governmental Orders.

- (a) Except as set out in Schedule 3.15(a) of the Disclosure Schedules, there are no Actions existing, pending or, to the Vendor's Knowledge, threatened: (i) against or by any of the Kings Subsidiaries affecting any of its Assets (or by or against the Vendor or any Affiliate thereof and relating to the Kings Subsidiaries); or (ii) against or by any of the Kings Subsidiaries, the Vendor or any Affiliate of the Vendor that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.
- (b) There are no outstanding Governmental Orders and no unsatisfied judgments, penalties or awards against or affecting the Kings Subsidiaries or any of the Assets.

3.16 Compliance with Laws; Permits.

- (a) The Kings Subsidiaries have complied, and are now complying, with all Laws applicable to them, the Business and the Assets in all material respects. The Kings Subsidiaries have implemented policies to comply in material respects with data protection Laws and regulations applicable in their respective jurisdictions.
- (b) All Permits required for the Kings Subsidiaries to conduct the Business have been obtained by them and are valid and in full force and effect in all material respects. All fees and charges with respect to such Permits as of the Effective Date have been paid in full. To the Vendor's Knowledge, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit.

3.17 Benefit Plans.

Except as set out in Schedule 3.17 of the Disclosure Schedules:

- (a) None of the Kings Subsidiaries is a party to or bound by, nor do any of the Kings Subsidiaries have any Liability with respect to, any Benefit Plans.
- (b) The Kings Subsidiaries have no obligations or Liabilities under any Benefit Plan, including to provide benefits, to any Person who is not a current or former Employee, director, officer

or Independent Contractor of any of the Kings Subsidiaries. Details of all such obligations, if any, are set out in Schedule 3.17 of the Disclosure Schedules.

- (c) The Kings Subsidiaries do not have any obligation to pay any change-in-control, sale, completion, incentive, stay, retention or similar bonuses or payments to any current or former Employee or Independent Contractor as a result of the transactions contemplated by this Agreement.

3.18 Employment Matters.

- (a) The Kings Subsidiaries have complied with all obligations arising out of statutory provisions, regulations, employment agreements, Collective Agreements and final judicial decisions, if any.
- (b) All payments required to be made under statutory provisions, regulations, employment agreements, Collective Agreements and final judicial decisions, if any, until the consummation of the Transaction contemplated herein, have been timely made or provided for in the Financial Statements. Schedule 3.18(b) of the Disclosure Schedules lists: all current officers, directors, Employees and Independent Contractors of each of the Kings Subsidiaries, together with their position, annual salary, length of service and termination entitlements. Copies of all Contracts with officers, directors, Employees and Independent Contractors, if any, have been provided to the Purchaser.
- (c) All necessary work permits required by applicable Laws for the employment of all directors, officers and/or Employees of the Kings Subsidiaries have been obtained and are in full effect.
- (d) The Kings Subsidiaries are not currently, and have not been, a party to any Collective Agreement. No trade union, council of trade unions, Employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any of the Employees, including by way of certification, interim certification, voluntary recognition, or related employer or successor employer rights, or has applied or threatened to apply to be certified as the bargaining agent of any of the Employees.
- (e) Except as set out in Schedule 3.18(e) of the Disclosure Schedules, in the two years preceding the Effective Date, no notice in writing has been received by the Kings Subsidiaries of any written complaint or Action filed by any of its current or former directors, officers, Employees or Independent Contractors against any of the Kings Subsidiaries or any current or former director or officer thereof, and no complaint or Action has been threatened or is pending, claiming or alleging that the Kings Subsidiaries have violated any Laws applicable to the employee or human rights or of any complaints or Actions of any kind involving any of the Kings Subsidiaries or any of its Representatives before any Governmental Authority, including a labour relations board, tribunal or commission.
- (f) There are no current disputes with any Governmental Authorities, self-regulatory authorities, works councils or other Employee representatives. No mass dismissals have

been announced or are being planned. There are no current disputes with any works councils or other Employee representatives.

- (g) No Employee has stated that he or she will resign or retire or cease to provide work or services to any of the Kings Subsidiaries as a result of the closing of the transactions contemplated by this Agreement.
- (h) There is no notice of assessment, provisional assessment, reassessment, supplementary assessment, penalty assessment or increased assessment which any of the Kings Subsidiaries have received during the past two years from any workplace safety and insurance or workers compensation board or similar Governmental Authority in any jurisdiction where the Business is carried on that remain unpaid.
- (i) Any and all returns and reports related to social security contributions that are required to be filed with respect to the Kings Subsidiaries have been correctly filed. The Kings Subsidiaries have paid in full any and all social security contributions as and when due. No social security Governmental Authority is asserting any deficiency or claim for additional social security contributions (or interest thereon or penalties in connection therewith) and any and all social security contributions which (although not due) have accrued on the basis of the salaries to be paid have been fully provisioned.
- (j) To the Vendor's Knowledge, there are no allegations, complaints or Actions involving sexual harassment made against any current or former directors, officers or Employees of any of the Kings Subsidiaries and, to the Vendor's Knowledge, there are no facts or circumstances likely to give rise to any such allegations, complaints or Actions.

3.19 Taxes.

- (a) The Kings Subsidiaries have duly and timely filed all of their Tax Returns with all appropriate Governmental Authorities. Each such Tax Return was true, correct and complete in all material respects and all Taxes, whether actual, deferred, contingent, potential or disputed, attributable to the operation or activities of the Kings Subsidiaries for periods (or portions thereof) ending on or before the Closing Date (whether or not shown due on any Tax Returns and whether or not assessed or reassessed by the appropriate Governmental Authority) have been paid in full or full provisions have been made in the Financial Statements.
- (b) No Governmental Authority of a jurisdiction in which the Kings Subsidiaries have not filed a Tax Return has made any claim that any of the Kings Subsidiaries is or may be subject to Tax or required to file Tax Returns by that Governmental Authority in such jurisdiction. There is no basis for a claim that any of the Kings Subsidiaries is subject to Tax in a jurisdiction in which the respective Kings Subsidiary does not file Tax Returns.
- (c) There are no matters under audit or appeal with any Governmental Authority relating to Taxes of the Kings Subsidiaries.
- (d) Adequate provision has been made in the Financial Statements in accordance with IFRS in the Books and Records for all Taxes payable in respect of the Business, and the Assets.

- (e) The Kings Subsidiaries have not received any notice from any Governmental Authority that it is taking steps to assess any additional Taxes against any of the Kings Subsidiaries for any period for which Tax Returns have been filed, and there are no actual or, to the Vendor's Knowledge, pending or threatened audit investigations or other Actions of, or against, any of the Kings Subsidiaries by any Governmental Authority relating to Taxes. No Governmental Authority has given notice of any intention to assert any deficiency or claim for additional Taxes against any of the Kings Subsidiaries.
- (f) The Kings Subsidiaries have duly and timely withheld or collected the proper amount of Taxes that are required by Law to be withheld or collected (including Taxes and other amounts required to be withheld in respect of any Person) and have duly and timely remitted to the appropriate Governmental Authority such Taxes and all other amounts required to be remitted by the Kings Subsidiaries.
- (g) The Kings Subsidiaries have complied in all material respects with all registration, reporting, payment, collection and remittance requirements in respect of VAT, sales tax, excise tax and any other similar taxes.
- (h) The Kings Subsidiaries are not a party to, or bound by, any Tax indemnity, Tax sharing or Tax allocation Contract.
- (i) No Tax rulings have been requested or issued by any Tax authority with respect to any of the Kings Subsidiaries.
- (j) The Kings Subsidiaries will not be required to include any material item of income in, or exclude any material item or deduction from, taxable income for any taxation year or portion thereof ending after the Closing Date as a result of use of an improper method of accounting for a taxation year ending before the Closing Date.
- (k) Records or documents that meet the requirements of applicable Law with respect to Taxes have been made and obtained by each of the Kings Subsidiaries with respect to all material transactions between any of the Kings Subsidiaries and any non-resident person with whom it was not dealing at arm's length. All transactions between each of the Kings Subsidiaries and any non-resident person with whom it was not dealing at arm's-length were priced in a manner so as not to give rise to any material adjustments pursuant to applicable Law with respect to Taxes.

3.20 Related Person Transactions.

- (a) Except as set out in Schedule 3.20(a) of the Disclosure Schedules, or otherwise in the Ordinary Course, the Kings Subsidiaries have not made any payment or loan to, or borrowed any monies from or are otherwise indebted to, the Vendor, any officer, director, Employee, trustee or shareholder of any of the Vendor or the Kings Subsidiaries, any Person with whom any of the Kings Subsidiaries is not dealing at arm's length, or any Affiliate or spouse of any of the foregoing (each, a **"Related Person"**).
- (b) Except as set out in Schedule 3.20(b) of the Disclosure Schedules, no Related Person is a party to any Contract with any of the Kings Subsidiaries, no Related Person is indebted to

the Vendor or any of the Kings Subsidiaries, and neither the Vendor nor any of the Kings Subsidiaries are indebted to any Related Person.

3.21 Books and Records.

The Books and Records of the Kings Subsidiaries have been maintained in accordance with sound business practices. At the Closing, all the Books and Records will be in the possession of the Kings Subsidiaries.

3.22 Accounts.

Schedule 3.22 of the Disclosure Schedules sets out an accurate and complete list of all bank or similar accounts and safety deposit boxes of each of the Kings Subsidiaries, together with the following information for each such account: the name and address of the bank, trust company or similar institution in which such account or safety deposit box is maintained, the account number of such account, and the authorized signatories to such account or safety deposit box, as the case may be.

3.23 Brokers.

No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission from the Vendor or any of the Kings Subsidiaries, or any other Person which might in connection with the transactions contemplated by this Agreement or any other Transaction Document.

3.24 Anti-Money Laundering and Anti-Corruption Practices.

To the Vendor's Knowledge, none of the Vendor, the Kings Subsidiaries nor any of their respective current or former directors, officers, Employees, agents, Independent Consultants, consultants or Representatives:

- (a) has violated, and the Vendor's execution and delivery of and performance of its obligations under this Agreement will not violate, any Laws related to money laundering or government guidance regarding anti-money laundering and international anti-money laundering principles or procedures of any intergovernmental group or organization, or any executive order, directive or regulation under the authority of any of the foregoing, or any orders or licenses issued thereunder in each case to which any of the foregoing Persons are subject in any material respect;
- (b) has, in the course of its actions for, or on behalf of, the Kings Subsidiaries (i) knowingly used any corporate (or other applicable entity) funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (ii) paid or received any bribe or otherwise unlawfully offered or provided, directly or indirectly, anything of value to (or received anything of value from) any foreign or domestic government employee or official or any other Person, (iii) violated or taken any act that would violate any provision of the *Corruption of Foreign Public Officials Act* (Canada) or other similar Laws of other jurisdictions, (iv) violated or taken any act that would violate the *Special Economic Measures Act* (Canada) ("SEMA") or other similar Laws of other jurisdictions, or (v) violated or taken any act that would violate the *Freezing Assets of Corrupt Foreign Public Officials Act* (Canada) ("FACFOA") or other similar Laws of other jurisdictions, or (vi) violated or taken any act that would violate the *Foreign Corrupt Practices Act*

("FCPA") or other similar Laws of other jurisdictions in each case to which the Kings Subsidiaries are subject;

- (c) has, directly or indirectly, taken any action in material violation of any export restrictions, anti-boycott regulations, embargo regulations or other similar applicable Canadian, United States or other foreign Laws;
- (d) is a Person identified under SEMA, FACFOA or any United Nations resolution or regulation, or otherwise a target of economic sanctions under other similar applicable Canadian, United States or foreign Laws; or
- (e) to the Vendor's Knowledge, has engaged in any business with any Person with whom, or in any country in which, it is prohibited for a Person to engage under SEMA, FACFOA, FCPA, any United Nations resolution or regulation or any other Law.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Vendor as follows and acknowledges and confirms that the Vendor is relying upon such representations and warranties in connection with the entering into of this Agreement and the consummation of the Transaction:

4.1 Corporate Status and Authorization of the Purchaser.

The Purchaser is a corporation incorporated and validly existing under the Laws of the Province of Ontario and has not been discontinued or dissolved under such Laws. No steps or Actions have been taken to authorize or require such discontinuance or dissolution. The Purchaser has submitted all notices or returns of corporate information and other filings required by Law to be submitted by it to any Governmental Authority. The Purchaser has the corporate power and capacity to enter into this Agreement and the other Transaction Documents to which the Purchaser is a party, to carry out its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. The execution and delivery by the Purchaser of this Agreement and any other Transaction Document to which the Purchaser is a party, the performance by the Purchaser of its obligations hereunder and thereunder, and the consummation by the Purchaser of the transactions contemplated hereby and thereby, have been duly authorized by all requisite corporate action on the part of the Purchaser. This Agreement has been duly executed and delivered by the Purchaser, and (assuming due authorization, execution and delivery by the Vendor) this Agreement constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms.

4.2 No Conflicts; Consents.

The execution, delivery and performance by the Purchaser of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Articles, by-laws or other constating documents of the Purchaser; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to the Purchaser; or (c) require the consent, or notice or other action by any Person under any Contract to which the Purchaser is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or

notice to, any Governmental Authority is required by or with respect to the Purchaser in connection with the execution and delivery of this Agreement and the other Transaction Documents to which the Purchaser is a party, or the consummation of the transactions contemplated hereby and thereby.

4.3 Legal Proceedings.

There are no Actions existing, pending or, to the Purchaser's Knowledge, threatened against or by the Purchaser or any Affiliate of the Purchaser that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

4.4 Funds Available.

The Purchaser has sufficient funds available to satisfy the aggregate Payment Consideration payable by the Purchaser pursuant to this Agreement, and to satisfy all other obligations payable by the Purchaser pursuant to this Agreement.

ARTICLE 5 **COVENANTS**

5.1 Conduct of Business Before the Closing.

From the Effective Date until the Closing, except as otherwise provided in this Agreement or consented to in writing by the Purchaser (which consent shall not be unreasonably withheld or delayed), the Vendor shall, and shall cause the Kings Subsidiaries to: (i) conduct the Business of the Kings Subsidiaries in the Ordinary Course; and (ii) use commercially reasonable efforts to maintain and preserve intact the current organization and Business of the Kings Subsidiaries and to preserve the rights, franchises, goodwill and relationships of its Employees, Independent Contractors, customers, lenders, suppliers, regulators and others having business relationships with the Kings Subsidiaries. Without limiting the foregoing, from the Effective Date until the Closing Date, the Vendor shall, with respect to each of the Kings Subsidiaries, unless required in the Ordinary Course, and shall cause each of the Kings Subsidiaries to:

- (a) preserve and maintain all its Permits;
- (b) pay its debts, Taxes and other obligations when due;
- (c) maintain the Assets owned, operated or used by the Kings Subsidiaries in the same condition as they were on the Effective Date, subject to reasonable wear and tear;
- (d) continue in full force and effect without modification all Insurance Policies, except as required by applicable Law;
- (e) defend and protect its Assets from infringement or usurpation;
- (f) perform all of its obligations under all Contracts relating to or affecting the Assets or the Business;
- (g) maintain the Books and Records in accordance with past practice;

- (h) not make any loans, advances, dividends, or capital contributions to, or enter into or consummate any similar transaction with, any Person;
- (i) not (i) make, change or revoke, or permit any of the Kings Subsidiaries to make, change or revoke, any Tax election, or file or cause to be filed an amended Tax Return unless required by Law or (ii) make, or permit any of the Kings Subsidiaries to make, any change in any Tax or accounting methods or policies or systems of internal accounting controls, except to conform to changes in Laws related to Taxes or accounting requirements;
- (j) not (i) terminate (otherwise than for cause) the employment or services of any director, officer or manager or (ii) grant any severance or termination pay to any director, officer or manager or any other Employee or Independent Contractor except as required under any existing Contract or Benefit Plan or as required by Law;
- (k) comply in all material respects with all applicable Laws; and
- (l) not take or permit any action that would cause any of the changes, events or conditions described in Section 3.8 to occur.

5.2 Access to Information.

From the Effective Date until the Closing, the Vendor shall, and shall cause each of the Kings Subsidiaries to: (a) afford the Purchaser and its Representatives reasonable access to and the right to inspect all of the Assets, premises, Books and Records, Contracts and other documents and data related to the Kings Subsidiaries, the Assets, the Business and the Kings Securities; (b) furnish the Purchaser and its Representatives with such financial, operating and other data and information related to the Kings Subsidiaries, the Assets, the Business and the Kings Securities; as the Purchaser or any of its Representatives may reasonably request; and (c) instruct the Representatives of the Vendor and the Kings Subsidiaries to cooperate with the Purchaser and its Representations in its investigation of the Kings Subsidiaries. Any investigation under this Section 5.2 shall be conducted in such manner as not to interfere unreasonably with the conduct of the Business of the Kings Subsidiaries. No investigation by the Purchaser or other information received by the Purchaser other than the information set forth in the Disclosure Schedules shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by the Vendor in this Agreement.

5.3 Notice of Certain Events.

- (a) From the Effective Date until the Closing, the Vendor shall promptly notify the Purchaser in writing of any:
 - (i) fact, circumstance, event or Action, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by the Vendor hereunder not being true and correct, or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Section 6.2 to be satisfied;

- (ii) notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;
 - (iii) notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and
 - (iv) Actions commenced, pending, or, to the Vendor's Knowledge, threatened against, relating to or involving or otherwise affecting the Vendor or any of the Kings Subsidiaries that, if pending on the Effective Date, would have been required to have been disclosed under Section 3.15 or that relates to the consummation of the transactions contemplated by this Agreement.
- (b) The Purchaser's receipt of information under this Section 5.3 shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by the Vendor in this Agreement (including Section 8.1(b)) and shall not be deemed to amend or supplement the Disclosure Schedules.

5.4 Resignations.

The Vendor shall deliver to the Purchaser written resignations and releases, effective as of the Closing Date, of the officers and directors of the Kings Subsidiaries requested by the Purchaser at least five Business Days before the Closing.

5.5 Confidentiality.

From and after the Closing, the Vendor and the Purchaser shall, and shall cause each of their respective Affiliates to, hold, and shall use their reasonable best efforts to cause its or their respective Representatives to hold, in confidence any and all information, whether written or oral, concerning the Purchaser, the Vendor, the Business, the Assets or any of the Kings Subsidiaries, except to the extent that either Party can show that such information: (a) is generally available to, and known by, the public through no fault of the Vendor or the Purchaser, any of the Vendor's or the Purchaser's Affiliates or any of their respective Representatives; or (b) is lawfully acquired by the Vendor or the Purchaser, any of their respective Affiliates or any of their respective Representatives from sources that are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation. If the Vendor or the Purchaser, any of their respective Affiliates or any of their respective Representatives, are compelled to disclose any information by judicial or administrative process or by other requirements of Law, the Vendor or the Purchaser shall promptly notify the other Party in writing and shall disclose only that portion of such information that the Vendor or the Purchaser are advised by their counsel(s) in writing is legally required to be disclosed; provided that the Vendor or the Purchaser shall use their commercially reasonable efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information. Notwithstanding the foregoing, the Parties agree that Section 5.5 will not apply to the Purchaser after the Closing.

5.6 Exclusive Dealing.

During the Interim Period, the Vendor shall not, and shall cause its Affiliates not to, directly or indirectly, solicit, initiate or encourage any inquiries or proposals from, discuss or negotiate with, provide any non-

public information to, or consider the merits of, any inquiries or proposals from, or enter into any Contract, arrangement or understanding, whether written or oral, with, any Person (other than the Purchaser) relating to any transaction involving any of the Kings Subsidiaries, the Kings Securities, the Business or the Assets, in whole or in part (other than as permitted in this Agreement), including any sale, disposition, business combination or similar transaction involving any of the foregoing.

5.7 Personal Information Privacy.

The Vendor and the Purchaser shall at all times comply with all Laws governing the protection of personal information with respect to Personal Information disclosed or otherwise provided by either party to the other, including Personal Information disclosed by the Kings Subsidiaries under this Agreement. Subject to any information collected by the CSE, the Vendor and the Purchaser shall only collect, use or disclose such Personal Information as contemplated in this Agreement and as is necessary in connection with completing the transactions contemplated in this Agreement. The Vendor and the Purchaser shall safeguard all Personal Information collected in a manner consistent with the degree of sensitivity of the Personal Information and maintain at all times the security and integrity of the Personal Information. The Vendor and the Purchaser shall not make copies of the Personal Information or any excerpts thereof or in any way recreate the substance or contents of the Personal Information if the Transaction is not completed for any reason, and shall return all Personal Information to the other party or destroy such Personal Information at the other party's request.

5.8 Books and Records.

- (a) To facilitate the resolution of any claims made against or incurred by the Vendor before the Closing, or for any other reasonable purpose, for a period of two years after the Closing, the Purchaser shall:
 - (i) retain the Books and Records (including personnel files) of the Kings Subsidiaries relating to periods before the Closing; and
 - (ii) upon reasonable notice, afford the Representatives of the Vendor reasonable access (including the right to make, at the Vendor's expense, photocopies), during normal business hours, to the Books and Records.
- (b) To facilitate the resolution of any claims made by or against or incurred by the Kings Subsidiaries after the Closing, or for any other reasonable purpose, for a period of two years after the Closing, the Vendor shall:
 - (i) retain the Books and Records (including personnel files) of the Vendor which relate to the Kings Subsidiaries and their operations for periods before the Closing; and
 - (ii) upon reasonable notice, afford the Representatives of the Purchaser or the Kings Subsidiaries reasonable access (including the right to make, at the Purchaser's expense, photocopies), during normal business hours, to the Books and Records.
- (c) Neither the Purchaser nor the Vendor shall be obligated to provide the other party with access to any Books or Records (including personnel files) under this Section 5.8 where such access would violate any Law or result in the breach of any Contract.

5.9 Benefit Plans and Employees.

- (a) During the Interim Period, the Vendor will continue to provide the Employees with the existing Benefit Plans. On Closing, the participation of the Employees in the Benefit Plans will cease and the Vendor shall, subject to this Section 5.9(a), cease to have any liability or obligation to the Kings Subsidiaries, Employees or any former Employees of the Kings Subsidiaries.
- (b) The Purchaser agrees to provide, or cause the Kings Subsidiaries to establish and provide, effective as of the Closing Date, benefit plans that contain benefit provisions that are substantially similar in the aggregate to those provided under the existing Benefit Plans immediately before the Closing Date (the “**Purchaser Benefit Plans**”). Without limiting the foregoing, any Employee’s maximum benefit amount recognized under a Benefit Plan will remain unchanged and in place for the remainder of the calendar year under the comparable Purchaser Benefit Plan upon Closing. Nothing in this Section 5.9(b) prohibits the Purchaser from changing any of the provisions under the Purchaser Benefit Plans at any time.

5.10 Governmental Filings, Approvals and Consents.

- (a) The Vendor and the Purchaser shall use their respective commercially reasonable efforts to give all notices to, and obtain all consents from, all third parties that are described in Section 3.6 (in the case of the Vendor) and Section 4.2 (in the case of the Purchaser) of the Disclosure Schedules.
- (b) If any consent, approval or authorization necessary to preserve any right or benefit under any Contract to which any of the Kings Subsidiaries is a party is not obtained before the Closing, the Vendor shall, subsequent to the Closing, cooperate with the Purchaser and the Kings Subsidiaries in attempting to obtain such consent, approval or authorization as promptly thereafter as practicable.

5.11 Pre-Closing Tax Period and Straddle Period.

- (a) The Vendor shall prepare or cause to be prepared all Tax Returns required by applicable Law in respect of each of the Kings Subsidiaries for all Pre-Closing Tax Periods and not filed prior to the Closing Date, in a manner consistent with past practice, unless otherwise required by applicable Law. Prior to filing such Tax Returns with the relevant authorities, the Vendor shall provide a copy of such Tax Returns to Purchaser for review and comment at least 30 days prior to the date on which such Tax Returns are to be timely filed. Purchaser shall review and provide comments to the Vendor within 30 days of receipt of such Tax Returns and the Vendor shall revise and make such changes to such Tax Returns in accordance with all reasonable comments made by the Purchaser within 10 days of its receipt of such draft Tax Returns. The Vendor shall file or cause to be filed each such Tax Return and deliver to Purchaser an executed copy of each such Tax Return along with copies of payments submitted, if any. All such Tax Returns so prepared by or on behalf of the Vendor shall be complete and accurate in all respects.

- (b) The Purchaser shall prepare or cause to be prepared all income Tax Returns of the Kings Subsidiaries required by applicable Law to be filed for all Straddle Periods, in a manner consistent with past practice, unless otherwise required by applicable Law. Prior to filing such Tax Returns with the relevant authorities, the Purchaser shall provide a copy of such Tax Returns to the Vendor for review at least 30 days prior to the date on which such Tax Returns are to be timely filed.
- (c) The Parties will inform each other of, and cooperate with each other in respect of, any audit inquiries with respect to any Tax Return involving the Kings Subsidiaries or the Business in respect of any Pre-Closing Tax Period or any Tax Return required to be filed under the applicable Laws for the Straddle Period.
- (d) If the Purchaser or any of the Kings Subsidiaries receives an assessment or reassessment (each, an “**Assessment**”) from any Governmental Authority in respect of any Tax Return in respect of any Pre-Closing Tax Period or the Straddle Period, the Purchaser shall deliver or cause to be delivered to the Vendor a copy of the Assessment within 30 days of receiving the Assessment, provided that failure to do so shall not affect the indemnification provided hereunder unless the Vendor shall have been actually prejudiced as a result of such failure. The Parties will use commercially reasonable efforts to cooperate in responding to or contesting any such Assessment.

5.12 Notice of Untrue Representation or Warranty.

The Vendor shall promptly notify the Purchaser, and the Purchaser shall promptly notify the Vendor, upon any representation or warranty made by it contained in this Agreement or any Transaction Document becoming untrue or incorrect during the Interim Period, and for the purposes of this Section 5.12, each representation and warranty will be deemed to be given at and as of all times during the Interim Period. Any such notification must set out particulars of the untrue or incorrect representation or warranty and details of any actions being taken by the Vendor to rectify that state of affairs.

5.13 Actions to Satisfy Closing Conditions.

- (a) The Vendor shall, and shall cause each of the Kings Subsidiaries to, take all such actions as are within its power to control, and shall use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 6.2, including ensuring that during the Interim Period and at the Closing, there is no breach of any of the Vendor’s representations and warranties as set out in Article 3.
- (b) Subject to Section 5.10, the Purchaser shall take all such actions as are within its power to control, and shall use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 6.3, including ensuring that during the Interim Period and at the Closing, there is no breach of any of the Purchaser’s representations and warranties as set out in Article 4.

5.14 Public Announcements.

Unless otherwise required by applicable Law or CSE requirements (based upon the reasonable advice of counsel), no Party to this Agreement shall make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other Party (which consent shall not be unreasonably withheld or delayed), and the Parties shall cooperate as to the timing and contents of any such announcement.

5.15 Non-Competition and Non-Solicitation.

- (a) For a period of five (5) years from and following the Closing Date (and in the case of Section 5.15(a)(v) indefinitely) (the “**Restricted Period**”), the Vendor agrees that it shall not, directly or indirectly through any Affiliate, Representative Person or contractual arrangement:
- (i) engage in a business that is the same as, similar to, or otherwise competitive with, the Business or any segment thereof (the “**Restricted Business**”) anywhere in Canada or the United States (collectively, the “**Restricted Territory**”), it being acknowledged by the Parties that the Kings Subsidiaries carry on business, are interested in, and solicit or canvass opportunities related to, the Business throughout the Restricted Territory;
 - (ii) acquire, own, manage, operate, join, control, or participate in the ownership, management, operation or control of, consult with or perform services for, lend money or capital to, invest capital in, or be connected in any manner with, including as a partner or through equity ownership in, any business or Person that engages in the Restricted Business or any segment or aspect thereof anywhere in the Restricted Territory; provided however there will be no default under this Section 5.15 by virtue of the Vendor (directly or indirectly) holding, as a passive investor only, not more than five percent in the aggregate (including securities held by any Persons acting jointly or in concert with either Vendor) of the issued and outstanding securities of a Person, the securities of which are listed on a recognized stock exchange or an organized securities market;
 - (iii) induce or attempt to induce any Employee of any of the Kings Subsidiaries to leave the employ thereof, in any way interfere with the relationship between any Employee and any of the Kings Subsidiaries, or hire any such Employee. For greater certainty, job postings or recruitment campaigns of general or mass application will not be considered a breach of this Section 5.15(a)(iii) so long as such job postings and recruitment campaigns are not specifically directed at any Employee of any of the Kings Subsidiaries;
 - (iv) induce or attempt to induce any Person who is a customer, supplier, licensee, Independent Contractor or consultant of any of the Kings Subsidiaries to cease doing business with any of the Kings Subsidiaries or in any way interfere with the relationship between any such customer, supplier, licensee, Independent Contractor or consultant and any of the Kings Subsidiaries; or
 - (v) disparage any of the Kings Subsidiaries, the Purchaser or any of their respective Affiliates in any way that could adversely affect the Business, or the goodwill, reputation or business relationships of the Purchaser, any of the Kings Subsidiaries or the Business with the public generally, or with any of their respective, Representatives, customers or suppliers.

- (b) It is the desire and intent of the Parties that the provisions of this Section 5.15 shall be enforced to the fullest extent permissible under applicable Laws and public policies applied in each jurisdiction in which enforcement is sought. If any particular provision of this Section 5.15 is adjudicated to be invalid or unenforceable and cannot be otherwise modified or amended to make it valid and enforceable, then this Section 5.15 shall be deemed amended to delete such provision or portion adjudicated to be invalid or unenforceable; such amendment to apply only with respect to the operation of this Section 5.15 in the particular jurisdiction in which such adjudication is made.
- (c) The Vendor acknowledges and agrees that irreparable injury will result to the Purchaser, the Kings Subsidiaries and the Business in the event of a breach of any of the provisions of this Section 5.15, and that the Purchaser, the Kings Subsidiaries and the Business will have no adequate remedy at law with respect thereto. Accordingly, in the event of any breach by the Vendor of the terms and conditions of this Section 5.15, in addition to any other legal or equitable remedy that the Purchaser may have, the Purchaser shall be entitled to: (i) obtain damages for any breach of this Section 5.15; (ii) enforce the specific performance of each provision of this Section 5.15 by the Vendor; (iii) enjoin the Vendor from violating the terms of this Section 5.15, including through entry of a preliminary injunction or a permanent injunction by a court of competent jurisdiction; and (iv) seek and obtain any other equitable relief available to the Purchaser or any of the Kings Subsidiaries.
- (d) If the Vendor violates any provision of this Section 5.15, then the Restricted Period shall, to the extent permitted by applicable Law, be automatically tolled to account for the period of violation (including until all appeals, if any, are finally resolved).
- (e) The Vendor and the Purchaser acknowledge and agree that (i) the entire portion of the Payment Consideration is in consideration for the Vendor Shares and that no part of the Payment Consideration relates to a restrictive covenant as defined in section 56.4 of the Tax Act; (ii) the restrictive covenants contained in this Section 5.15 and this Article 5 (the “**Restrictive Covenants**”) are being granted to maintain and preserve the fair market value of the Vendor Shares; (iii) no proceeds shall be received or receivable by the Vendor or any other Person for granting the Restrictive Covenants; (iv) the Restrictive Covenants are integral to this Agreement; and (v) the conditions set forth in subsection 56.4(7) of the Tax Act have been satisfied such that subsection 56.4(5) of the Tax Act applies to the Restrictive Covenants. Notwithstanding the foregoing, nothing in this Section 5.15 and Article 5 will diminish, limit, or derogate from the validity or enforceability of any of the Restrictive Covenants and the Vendor agrees that it will not assert or claim that this Section 5.15 and Article 5 diminishes, limits or derogates from the validity or enforceability of such Restrictive Covenants in any manner whatsoever.

5.16 Further Assurances.

Following the Closing, each of the Parties shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

ARTICLE 6
CONDITIONS TO CLOSING

6.1 Conditions to Obligations of All Parties.

The obligations of each Party to consummate the transactions contemplated by this Agreement shall be subject to:

- (a) no Governmental Authority having enacted, issued, promulgated, enforced or entered any Governmental Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions, or causing any of the transactions contemplated hereunder to be rescinded following the completion thereof;
- (b) no Action shall have been commenced against the Purchaser, the Vendor or any of the Kings Subsidiaries that would prevent the Closing, and no injunction or restraining order shall have been issued by any Governmental Authority and be in effect which restrains or prohibits any transaction contemplated hereby; and
- (c) each Party having obtained all required Governmental Authority consents, waivers and approvals for the transactions contemplated under this Agreement, and all necessary approvals of the CSE, having been made, given or obtained on terms acceptable to the Vendor and the Purchaser, each acting reasonably.

6.2 Conditions for the Benefit of the Purchaser.

The purchase and sale of the Vendor Shares is subject to the following conditions being satisfied on the Closing Date, which conditions are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in its sole discretion, acting reasonably:

- (a) The representations and warranties of the Vendor and, if applicable, the Kings Subsidiaries, set out in this Agreement, the other Transaction Documents and any certificate or other writing delivered by the Vendor or any of the Kings Subsidiaries, pursuant hereto shall be true and correct in all respects (in the case of any Vendor Fundamental Representations and any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the Effective Date and on and as of the Closing Date with the same effect as though made at and as of the Closing Date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).
- (b) The Vendor and, if applicable, each of the Kings Subsidiaries, shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Transaction Documents to be performed or complied with by it, before or on the Closing Date.
- (c) The Vendor shall have received all approvals, consents and waivers (including stock exchange approvals, if applicable) that are listed in Schedule 3.6 of the Disclosure

Schedules, and executed counterparts thereof shall have been delivered to the Purchaser, at or before the Closing.

- (d) There shall not have occurred any Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect.
- (e) The Transaction Documents (other than this Agreement) to which the Vendor and any of the Kings Subsidiaries are parties shall have been executed and delivered by all of the parties thereto, and true and complete copies thereof shall have been delivered to the Purchaser.
- (f) The Purchaser shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of the Vendor, that (i) each of the conditions set forth in Section 6.2(a) and Section 6.2(b) has been satisfied and (ii) attached thereto are true and complete copies of all resolutions adopted by the board of directors (or equivalent) of the Vendor and each of the Kings Subsidiaries, authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.
- (g) The Purchaser shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of the Vendor, certifying the names and signatures of the officers of the Vendor and the Kings Subsidiaries, as the case may be, authorized to sign this Agreement, the Transaction Documents and the other documents to be delivered hereunder and thereunder.
- (h) The Purchaser shall have received duly executed resignations and releases, in form and substance satisfactory to the Purchaser, acting reasonably, of the directors and officers of the Kings Subsidiaries as contemplated under Section 5.4, if applicable.
- (i) The Vendor shall have delivered to the Purchaser executed copies of all Contracts and other documentation with respect to the termination, settlement or assignment of all intercompany payables, obligations or any other Indebtedness of any of the Kings Subsidiaries owing or payable to the Vendor or any Affiliates or Related Persons of the Vendor as contemplated in Section 2.2.
- (j) The Vendor shall have delivered to the Purchaser a certificate of status (or its equivalent) for the Vendor and each of the Kings Subsidiaries.
- (k) The Vendor shall have delivered, or caused to be delivered, to the Purchaser share certificates representing the Vendor Shares, free and clear of Encumbrances, duly endorsed in blank or accompanied by forms of share transfers or other instruments of transfer, in form and substance satisfactory to the Purchaser, acting reasonably, duly executed in blank.

- (l) The Vendor shall have executed and delivered a customary form of Restrictive Covenant for a period of five years from the Closing in respect of the Business, in form and substance satisfactory to the Purchaser, acting reasonably.
- (m) The Vendor shall have delivered to the Purchaser such other documents or instruments as the Purchaser reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

6.3 Conditions for the Benefit of the Vendor.

The purchase and sale of the Vendor Shares is subject to the following conditions being satisfied on the Closing Date, which conditions are for the exclusive benefit of the Vendor and may be waived, in whole or in part, by the Vendor in its sole discretion, acting reasonably:

- (a) The representations and warranties of the Purchaser, set out in this Agreement, the other Transaction Documents and any certificate or other writing delivered by the Purchaser, pursuant hereto shall be true and correct in all respects (in the case of any Purchaser Fundamental Representations and any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the Effective Date and on and as of the Closing Date with the same effect as though made at and as of the Closing Date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).
- (b) The Purchaser shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Transaction Documents to be performed or complied with by it before or on the Closing Date; provided that, with respect to agreements, covenants and conditions that are qualified by materiality, the Purchaser shall have performed such agreements, covenants and conditions, as so qualified, in all respects.
- (c) The Transaction Documents to which the Purchaser is a party (other than this Agreement) shall have been executed and delivered by the Purchaser and true and complete copies thereof shall have been delivered to the Vendor.
- (d) The Payment Consideration shall have been approved by the directors of the Purchaser.
- (e) The Vendor shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of the Purchaser, that (i) each of the conditions set forth in Section 6.3(a) and Section 6.3(b) has been satisfied and (ii) attached thereto are true and complete copies of all resolutions adopted by the board of directors of the Purchaser authorizing the execution, delivery and performance of this Agreement and the other Transaction Documents to which the Purchaser is a party, and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.

- (f) The Vendor shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of the Purchaser, certifying the names and signatures of the officers of the Purchaser authorized to sign this Agreement, the Transaction Documents and the other documents to be delivered hereunder and thereunder.
- (g) The Purchaser shall have delivered to the Vendor such other documents or instruments as the Vendor reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

ARTICLE 7

INDEMNIFICATION

7.1 Survival.

- (a) The Parties agree that the representations and warranties contained in this Agreement will not survive the Closing, except that:
 - (i) the Purchaser Fundamental Representations and the Vendor Fundamental Representations will survive the Closing and continue in full force and effect without limitation of time;
 - (ii) the representations and warranties set out in Section 3.19 and the indemnities in Section 7.2(a)(ii) (and the corresponding representations and warranties set out in the certificates to be delivered pursuant to Section 6.2(a)) will survive and continue in full force and effect until six (6) months after the expiration of the period, during which any tax assessment may be issued by a Governmental Authority in respect of any taxation year to which such representations and warranties extend. The Tax Period in this Section 7.1(a)(ii) will be determined having regard to any consent, waiver, agreement or other document that extends the period during which a Governmental Authority may issue a tax assessment. A tax assessment includes any assessment, reassessment or other form of recognized document assessing liability for Taxes under applicable Law;
 - (iii) the obligations of a Party against which a claim may be made for indemnification under this Agreement pursuant to Article 7 (an “**Indemnifying Party**”) to indemnify and hold harmless a Person entitled to make a claim for indemnification pursuant to Article 7 (an “**Indemnified Person**”) with respect to any covenants in this Agreement that by their terms apply or are to be performed in whole or in part after the Closing shall survive until fully performed; and
 - (iv) there is no limitation as to time for claims involving fraud, willful misconduct or intentional misrepresentation.
- (b) No Party has any obligation or liability with respect to any representation or warranty made by such Party in this Agreement or the certificates to be delivered pursuant to Section 6.3(e) or Section 6.3(f), as the case may be, after the end of the applicable time period specified in Section 7.1(a), except for claims relating to the representations and warranties that the Party has been notified of prior to the end of the applicable time period.

7.2 Indemnification in Favour of the Purchaser.

- (a) Subject to the provisions of this Article 7, the Vendor shall indemnify and save the Purchaser and, following the Closing, each of the Kings Subsidiaries, and their respective shareholders and Representatives harmless of and from, and shall pay for, any Losses incurred, suffered by, imposed upon or asserted against it or any of them as a result of, in respect of, connected with, or arising out of, under, or pursuant to:
 - (i) any inaccuracy in or breach of any of the Vendor Fundamental Representations, as set out in this Agreement or in any certificate or instrument delivered by or on behalf of the Vendor under this Agreement;
 - (ii) any Taxes of any of the Kings Subsidiaries relating to any Pre-Closing Tax Period or to the portion of any Straddle Period ending on the Closing Date;
 - (iii) the aggregate amount of all Indebtedness to the extent not otherwise disclosed and any Losses incurred as a result of the Indebtedness not being paid out and discharged on or prior to Closing;
 - (iv) any failure of the Vendor to transfer good and valid title to the Vendor Shares to the Purchaser, free and clear of all Encumbrances; and
- (b) The right to indemnification under Section 7.2(a)(ii) to and including Section 7.2(a)(iv) exists notwithstanding Section 7.1 and notwithstanding any representation and warranty in Article 3.

7.3 Indemnification in Favour of the Vendor.

Subject to the provisions of this Article 7, the Purchaser shall indemnify and save the Vendor and its officers, directors, Employees and shareholders harmless of and from, and shall pay for, any Losses suffered by, imposed upon or asserted against it or any of them as a result of, in respect of, connected with, or arising out of, under or pursuant to:

- (a) any inaccuracy in or breach of any of the Purchaser Fundamental Representations, as set out in this Agreement or in any certificate or instrument delivered by or on behalf of the Purchaser under this Agreement; and
- (b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Purchaser under this Agreement.

7.4 Limitations on Indemnification.

The rights of an Indemnified Person to, and the liabilities and obligations of an Indemnifying Party for, indemnification pursuant to Section 7.2 or Section 7.3, as the case may be, are subject to the following limitations:

- (a) the claim shall have been made in writing no later than twenty-four (24) months following the Closing Date, or such other period as is provided in Section 7.1(a);

- (b) the maximum aggregate amount of Losses which the Purchaser shall be entitled to recover under Section 7.2(a)(i), Section 7.2(a)(ii), Section 7.2(a)(iii) and Section 7.2(a)(iv) shall be an amount equal in aggregate to that portion of the Payment Consideration received by the Vendor in accordance with Section 2.2 on such date the Losses are suffered by, imposed upon or asserted against the Purchaser;
- (c) the maximum aggregate amount of Losses which the Vendor shall be entitled to recover under Section 7.3(a) and Section 7.3(b) shall be an amount equal in aggregate to the Payment Consideration;
- (d) the Vendor and the Purchaser shall not have any liability or obligation to make any payment for Losses for indemnification or otherwise with respect to the matters described in Section 7.2 or Section 7.3, respectively, unless and until the aggregate of all Losses suffered by, or imposed upon or asserted against such Indemnified Person, with respect to such matters exceeds \$10,000 (the “**Basket**”). Once the total of all Losses with respect to such matters exceeds the aggregate amount of the Basket, the Indemnifying Party shall be fully liable for all such Losses, both below and above the Basket amount, up to a maximum amount contemplated in this Section 7.4;
- (e) an Indemnified Person shall not be entitled to double recovery for any claim even though the claim may have resulted from the breach of more than one of the representations, warranties, agreements and covenants made by the Indemnifying Party in this Agreement;
- (f) each Indemnified Person shall take, and cause its Affiliates to take, all reasonable steps to mitigate any Losses upon becoming aware of any event of circumstance that would reasonably be expected to, or does, give rise thereto, which it may suffer or incur by reason of the breach by an Indemnifying Party of any representation, warranty, covenant or obligation of the Indemnifying Party under this Agreement;
- (g) no Indemnifying Party will have any liability to any Indemnified Person to the extent any insurance proceeds and any indemnity, contribution or other similar payment is received or reasonably expected to be received by the Indemnified Person in respect of any such Losses; and
- (h) any liability of an Indemnifying Party to any Indemnified Person shall be calculated net of any Tax benefit reasonably realizable by the Indemnified Person from the incurrence or payment of such Losses.

7.5 Notification.

- (a) If a Third Party Claim is instituted or asserted against an Indemnified Person, the Indemnified Person shall promptly, and in any event within twenty (10) Business Days, notify the Indemnifying Party in writing of the Third Party Claim. The notice must specify in reasonable detail, the identity of the Person making the Third Party Claim and, to the extent known, the nature of the Losses and the estimated amount needed to investigate, defend, remedy or address the Third Party Claim.

- (b) If an Indemnified Person becomes aware of a Direct Claim, the Indemnified Person shall promptly, and in any event within ten (10) Business Days, notify the Indemnifying Party in writing of the Direct Claim.
- (c) Notice to an Indemnifying Party under this Section 7.5 of a Direct Claim or a Third Party Claim is assertion of a claim for indemnification against the Indemnifying Party under this Agreement. Upon receipt of such notice, the provisions of Section 7.8 will apply to any Third Party Claim and the provisions of Section 7.7 will apply to any Direct Claim.
- (d) The omission to notify the Indemnifying Party shall not relieve the Indemnifying Party from any obligation to indemnify the Indemnified Person, unless the notification occurs after the expiration of the specified period set out in Section 7.1 or (and only to that extent that) the omission to notify materially prejudices the ability of the Indemnifying Party to exercise its right to defend provided in Section 7.8.

7.6 Limitation Periods.

The Parties agree that the statutory limitations period shall commence on the filing of the written notice of claim by the Indemnified Person and any applicable limitations period is extended or varied to the fullest extent permitted by applicable Law to give effect to this Section 7.6.

7.7 Direct Claims.

- (a) Following receipt of notice of a cause, matter, thing, act, omission or state of facts not involving a Third Party Claim which entitles an Indemnified Person to make a claim for indemnification under this Agreement (the “**Direct Claim**”), the Indemnifying Party has thirty (30) days to investigate the Direct Claim and respond in writing. For purposes of the investigation, the Indemnified Person shall make available to the Indemnifying Party the information relied upon by the Indemnified Person to substantiate the Direct Claim, together with such other information as the Indemnifying Party may reasonably request.
- (b) If the Indemnifying Party disputes the validity or amount of the Direct Claim, the Indemnifying Party shall provide written notice of the dispute to the Indemnified Person within the thirty (30)-day period specified in Section 7.7(a). The dispute notice must describe in reasonable detail the nature of the Indemnifying Party’s dispute. During the thirty (30)-day period immediately following receipt of a dispute notice by the Indemnified Person, the Indemnifying Party and the Indemnified Person shall attempt in good faith to resolve the dispute. If the Indemnifying Party and the Indemnified Person fail to resolve the dispute within that 30-day time period, the Indemnified Person is free to pursue all rights and remedies available to it, subject only to this Agreement. If the Indemnifying Party fails to respond in writing to the Direct Claim within the thirty (30)-day period specified in Section 7.7(a), the Indemnifying Party is deemed to have rejected such Direct Claim, in which case the Indemnified Person shall be free to pursue such remedies as may be available to the Indemnified Person on the terms and subject to the provisions of this Agreement.

7.8 Procedure for Third Party Claims.

- (a) Subject to the terms of this Section 7.8 and Section 9.10 upon receiving notice of a Third Party Claim, the Indemnifying Party may participate in the investigation and defence of the Third Party Claim and may also elect to assume the investigation and defence of the Third Party Claim.
- (b) The Indemnifying Party may not assume the investigation and defence of a Third Party Claim if:
 - (i) the Indemnifying Party is also a party to the Third Party Claim and the Indemnified Person determines in good faith that joint representation would be inappropriate;
 - (ii) in the reasonable judgment of the Indemnified Person, the estimated amount of likely Losses in connection with such claim is greater than the unused portion of the maximum liability the Indemnifying Party is liable for as set out in Section 7.4(a);
 - (iii) the Indemnifying Party does not unconditionally acknowledge in writing its obligation to indemnify and hold the Indemnified Person harmless with respect to the Third Party Claim; or
 - (iv) the Third Party Claim seeks relief against the Indemnified Person other than monetary damages or the Indemnified Person determines in good faith that there is a reasonable probability that the Third Party Claim may adversely affect it or its Affiliates and the Indemnified Person has notified the Indemnifying Party that it will exercise its exclusive right to defend, compromise or settle the Third Party Claim.
- (c) In order to assume the investigation and defence of a Third Party Claim, the Indemnifying Party must give the Indemnified Person written notice of its election within fifteen (15) days of the Indemnifying Party's receipt of notice of the Third Party Claim.
- (d) If the Indemnifying Party assumes the investigation and defence of a Third Party Claim:
 - (i) the Indemnifying Party shall pay for all costs and expenses of the investigation and defence of the Third Party Claim except that the Indemnifying Party shall not, so long as it diligently conducts such defence, be liable to the Indemnified Person for any fees of other counsel or any other expenses with respect to the defence of the Third Party Claim, incurred by the Indemnified Person after the date the Indemnifying Party validly exercised its right to assume the investigation and defence of the Third Party Claim;
 - (ii) the Indemnifying Party shall reimburse the Indemnified Person for all costs and expenses incurred by the Indemnified Person in connection with the investigation and defence of the Third Party Claim prior to the date the Indemnifying Party validly exercised its right to assume the investigation and defence of the Third Party Claim; and

- (iii) the Indemnifying Party may not compromise and settle or remedy, or cause a compromise and settlement or remedy, of a Third Party Claim without the prior written consent of the Indemnified Person, which consent may not be unreasonably withheld or delayed.
- (e) If the Indemnifying Party (a) is not entitled to assume the investigation and defence of a Third Party Claim under Section 7.8(b), (b) does not elect to assume the investigation and defence of a Third Party Claim or (c) assumes the investigation and defence of a Third Party Claim but fails to diligently pursue such defence, or the Indemnified Person concludes that the Third Party Claim is not being defended to its satisfaction, acting reasonably, the Indemnified Person has the right (but not the obligation) to undertake the defence of the Third Party Claim. In the case where the Indemnifying Party fails to diligently pursue the defence of the Third Party Claim or the Indemnified Person concludes that the Third Party Claim is not being defended to its satisfaction, acting reasonably, the Indemnified Person may not assume the defence of the Third Party Claim unless the Indemnified Person gives the Indemnifying Party written demand to diligently pursue the defence and the Indemnifying Party fails to do so within fourteen (14) days after receipt of the demand, or such shorter period as may be required to respond to any deadline imposed by a court, arbitrator or other tribunal.
- (f) If, under Section 7.8(e), the Indemnified Person undertakes the investigation and defence of a Third Party Claim, the Indemnified Person may compromise and settle the Third Party Claim but the Indemnifying Party shall not be bound by any compromise or settlement of the Third Party Claim effected without its consent (which consent may not be unreasonably withheld or delayed).
- (g) The Indemnified Person and the Indemnifying Party agree to keep each other fully informed of the status of any Third Party Claim and any related Actions. If the Indemnifying Party assumes the investigation and defence of a Third Party Claim, the Indemnified Person shall, at the request and expense of the Indemnifying Party, use its reasonable efforts to make available to the Indemnifying Party, on a timely basis, those Employees whose assistance, testimony or presence is necessary to assist the Indemnifying Party in investigating and defending the Third Party Claim. The Indemnified Person shall, at the request and expense of the Indemnifying Party, make available to the Indemnifying Party, or its Representatives, on a timely basis all documents, records and other materials in the possession, control or power of the Indemnified Person, reasonably required by the Indemnifying Party for its use solely in defending any Third Party Claim which it has elected to assume the investigation and defence of. The Indemnified Person shall cooperate on a timely basis with the Indemnifying Party in the defence of any Third Party Claim.

7.9 Set-Off.

Any indemnification to which the Purchaser is entitled under this Agreement shall be first satisfied by recouping such Losses (provided that such Losses are finally determined and non-appealable) from the Payment Consideration, until such amounts are paid pursuant to the terms of this Agreement or are exhausted. If the Payment Consideration is not sufficient to pay the entire amount of any such Losses, the

Purchaser shall have all other rights and remedies available to it to recover any remaining amount directly from the Vendor in accordance with the terms of this Agreement.

7.10 Fraud and Other Remedies.

The rights and remedies of the Parties under this Agreement are cumulative and are without prejudice and in addition to any rights or remedies a Party may have at law or in equity. In addition, nothing in this Agreement, including this Article 7, limits or restricts in any way any remedies available, or Losses payable, for claims involving fraud, willful misconduct or intentional misrepresentation.

ARTICLE 8 **TERMINATION**

8.1 Termination.

This Agreement may be terminated at any time before the Closing:

- (a) By the mutual written consent of the Vendor and the Purchaser.
- (b) By the Purchaser by written notice to the Vendor if:
 - (i) the Purchaser is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by the Vendor under this Agreement that would give rise to the failure of any of the conditions specified in Article 6, and such breach, inaccuracy or failure has not been cured by the Vendor within 10 Business Days of the Vendor's receipt of written notice of such breach from the Purchaser; or
 - (ii) any of the conditions set forth in Section 6.2 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Outside Date, unless such failure shall be due to the failure of the Purchaser to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it before the Closing Date.
- (c) By the Vendor by written notice to the Purchaser if:
 - (i) the Vendor is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by the Purchaser under this Agreement that would give rise to the failure of any of the conditions specified in Article 6, and such breach, inaccuracy or failure has not been cured by the Purchaser within 10 Business Days of the Purchaser's receipt of written notice of such breach from the Vendor; or
 - (ii) any of the conditions set forth in Section 6.3 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Outside Date, unless such failure shall be due to the failure of the Vendor to perform or comply

with any of the covenants, agreements or conditions hereof to be performed or complied with by it before the Closing Date.

- (d) By the Purchaser or the Vendor if:
 - (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited; or
 - (ii) any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable.

8.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 8.1, all obligations of the Parties under this Agreement will terminate, except that:

- (a) each Party's obligations under Section 3.23, Section 5.5, Section 5.15, this Article 7 and Article 9 will survive; and
- (b) if this Agreement is terminated by:
 - (i) the Purchaser because of a breach of this Agreement by the Vendor or because a condition for the benefit of the Purchaser has not been satisfied or the Vendor has failed to perform any of its obligations or covenants under this Agreement which are reasonably capable of being performed or caused to be performed by such Party; or
 - (ii) the Vendor because of a breach of this Agreement by the Purchaser or because a condition for the benefit of the Vendor has not been satisfied or the Purchaser has failed to perform any of its obligations or covenants under this Agreement which are reasonably capable of being performed or caused to be performed by such Party;

then the terminating Party's right to pursue all legal remedies will survive such termination unimpaired.

ARTICLE 9 MISCELLANEOUS

9.1 Expenses.

Except as otherwise expressly provided herein, all costs and expenses, including fees, disbursements and charges of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs and expenses, whether or not the Closing shall have occurred.

9.2 Notices.

All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the 3rd day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective Parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 9.2):

If to the Vendor: Kings Entertainment Group Inc.
1500 Royal Centre
1055 West Georgia Street
Vancouver, British Columbia V6E 4N7
Email: [E-mail address redacted]
Attention: Steve Budin

with a copy to: McMillan LLP
1500 Royal Centre
1055 West Georgia Street
Vancouver, British Columbia V6E 4N7
Email: [E-mail address redacted]
Attention: Arman Farahani

If to the Purchaser: PM Gaming Legacy Inc.
3400 – 100 King Street West
First Canadian Place
Toronto, ON
M5X 1A4

Email: [E-mail address redacted]
Attention: Paul Mailing

9.3 Interpretation.

For purposes of this Agreement: (a) the words “include”, “includes” and “including” shall be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “this Agreement”, “herein”, “hereof”, “hereby”, “hereto” and “hereunder” refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be

construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

9.4 Headings.

The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

9.5 Severability.

If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

9.6 Entire Agreement.

This Agreement and the other Transaction Documents constitute the sole and entire agreement of the Parties to this Agreement with respect to the subject matter contained herein and therein and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter, including the Letter of Intent. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained in this Agreement and any document delivered pursuant to this Agreement. In the event of any inconsistency between the statements in the body of this Agreement and those in the other Transaction Documents, the Exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

9.7 Successors and Assigns.

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

9.8 Third-Party Beneficiaries.

Except as otherwise provided in Article 7, the Vendor and the Purchaser intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties. Except for the Indemnified Persons, no Person, other than the Parties, is entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum. The Parties reserve their right to vary or rescind the rights at any time and in any way whatsoever, if any, granted by or under this Agreement to any Person who is not a Party, without notice to or consent of that Person, including any Indemnified Person.

9.9 Amendment and Modification; Waiver.

This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by any Party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

9.10 Governing Law; Forum Selection; Choice of Language.

- (a) This Agreement 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.
- (b) Any Action arising out of or based upon this Agreement or the transactions contemplated hereby may be brought in the courts of the Province of British Columbia, and each Party irrevocably submits and agrees to attorn to the exclusive jurisdiction of that court in any such Action. The Parties irrevocably and unconditionally waive any objection to the venue of any Action or proceeding in that court and irrevocably waive and agree not to plead or claim in that court that such Action has been brought in an inconvenient forum.

9.11 Specific Performance.

The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

9.12 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Remainder of page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

PM GAMING LEGACY INC.

Per: “Paul Mailing”

Name: Paul Mailing

Title: President

I have authority to bind the Purchaser

KINGS ENTERTAINMENT GROUP INC.

Per: “Kelvin Lee”

Name: Kelvin Lee

Title: CFO

I have authority to bind the Vendor