EXECUTION VERSION

ASSET PURCHASE AGREEMENT

between

SUGARLEAF LABS, LLC,

and

FOREST REMEDIES LLC,

as the Sellers,

NEPTUNE ACQUISITION USA, INC.

as the Purchaser

NEPTUNE WELLNESS SOLUTIONS INC.,

and

THE MEMBER THAT IS PARTY HERETO

Dated as of May 9, 2019

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "**Agreement**") is entered into as of May 9, 2019, by and among Sugarleaf Labs, LLC, a Maine limited liability company ("**Sugarleaf**"), Forest Remedies LLC, a North Carolina limited liability company ("**Forest**", and together with Sugarleaf, the "**Sellers**"), Neptune Acquisition USA, Inc., a Delaware corporation (the "**Purchaser**"), Neptune Wellness Solutions Inc., a Quebec corporation (the "**Parent**"), and the Member that is party hereto pursuant to the terms and conditions set forth in this Agreement. Unless otherwise defined herein, capitalized terms shall have the meaning set forth in Section 12.1 for all purposes of this Agreement.

RECITALS:

A. The Sellers are in the business of (i) extracting, refining and producing hemp-derived extracts and oils in the U.S., (ii) sourcing natural resources for the purposes of producing hemp-derived extracts and oils, (iii) developing advanced extraction equipment, high capacity filtering and purifying techniques and responsible growing practices, including organic and regenerative farming techniques, and (iv) branding and selling hemp products containing hemp-derived extracts and oils (the "**Business**").

B. The Sellers wish to sell, and the Purchaser wishes to purchase, all of the assets of the Sellers as more fully set out and defined in this Agreement.

C. The Parent and the Member agree to be bound by certain rights and obligations set forth in this Agreement.

NOW THEREFORE, in consideration of the foregoing promises, the mutual covenants and agreements contained herein, and other good and valuable consideration set forth herein (the receipt and sufficiency of which is hereby acknowledged by each Party), the Purchaser, the Parent, the Sellers and the Member agree as follows:

ARTICLE 1
PURCHASE; PURCHASE PRICE

1.1 Purchased Assets

Subject to the terms and conditions of this Agreement, on the Closing Date, the Sellers hereby agree to sell, transfer, convey, assign and deliver to the Purchaser, and the Purchaser hereby agrees to purchase, acquire and accept from the Sellers, the Purchased Assets and all of the Sellers' legal and beneficial title and interest therein, free and clear of any and all Encumbrances (except for Permitted Encumbrances), for the consideration set forth in Section 1.6 (including the assumption of the Assumed Liabilities) as adjusted in accordance with the terms of this Agreement. For the purposes of this Agreement, "**Purchased Assets**" means any and all of the Sellers' right, title and interest in, to and under any and all of the assets of the Sellers as of immediately prior to the Closing, notwithstanding whether such assets are currently located at the Sellers' North Carolina or Maine facility, or elsewhere, including, but not limited to, the Sellers' right, title and interest in, to and under the following:

(a) any and all contracts and agreements (including customer, maintenance, supply, rental, license or lease agreements and agreements related to Intellectual Property) other than this Agreement and any Ancillary Document, including, but not limited to **[REDACTED]**, those contracts and agreements set forth on Schedule 3.20 hereto (the "**Assumed Contracts**");

(b) any and all revenues, including, but not limited to, any and all revenues derived from the Assumed Contracts;

(c) any and all Tangible Assets, including, but not limited to, those tangible assets set forth on Schedule 1.1(c) hereto;

(d) the Technology, including, but not limited to, the Intellectual Property set forth on Schedule 1.1(d) hereto;

(e) any and all electronic mail addresses, customer service and support phone numbers, which are set forth on Schedule 1.1(e) hereto;

(f) any and all equipment or any other assets not otherwise described in Sections 1.1(a), 1.1(c), 1.1(d) and 1.1(e) above, as more fully set out in Schedule 1.1(f) hereto;

(g) all of the books, records (whether accounting records, tax records or otherwise), files, data, customer lists, customer historical sales data and master data files, documents, ledgers, databases, business plans, diagrams, prints, surveys, drawings, maintenance schedules or other embodiments of information;

(h) any and all accounts and Accounts Receivable;

(i) all rights and benefits related to any and all Prepaid Expenses; and

(j) to the extent not already listed above, all intangible rights and assets, including all goodwill and the going concern value of the Business.

provided, however, that, notwithstanding the foregoing, the "Purchased Assets" shall specifically exclude the Excluded Assets.

1.2 Excluded Assets

The Sellers shall retain, and shall not transfer to the Purchaser hereunder, the Sellers' right, title and interest in, to and under the following assets (collectively, the "**Excluded Assets**"):

(a) the rights of the Sellers under this Agreement, the Change in Control Plan or any Ancillary Document;

(b) any Tax credits, losses, deduction, refunds, rebates or abatements of the Sellers solely to the extent related to and arising out of any taxable period ending (or portion thereof) on or prior to the Closing Date;

(c) the Sellers' corporate books and records of internal corporate proceedings, Tax records, work papers and books and records that the Sellers or any of their Affiliates are required by Law to retain (provided that copies of any such materials shall be provided by the Sellers to the Purchaser);

(d) any marijuana-related assets, any of which are listed in Schedule 1.2(d); and

(e) Excluded Assets listed on Schedule 1.2(e).

1.3 Assumed Liabilities

At the Closing, the Sellers shall transfer to the Purchaser, and Purchaser shall accept and assume from the Sellers, only (i) Liabilities under the Assumed Contracts, solely to the extent such Liabilities arise in and relate to the period following the Closing (the "**Assumed Liabilities**"), (ii) accrued but unused vacation entitlements for Employees as provided under Section 5.10, and (iii) all accounts payable of Seller to third parties, solely to the extent such accounts payable (A) were made in connection with the Business prior to the Closing Date, (B) remain unpaid as of the Closing Date, and (C) have been included in the Closing Working Capital.

1.4 Excluded Liabilities

Other than the Assumed Liabilities, the Sellers shall retain, and the Purchaser shall not assume from the Sellers, any Liabilities of the Sellers of any kind or nature whatsoever, whether or not related to the Business (collectively, the "**Excluded Liabilities**"). Without limiting the generality of the foregoing, and notwithstanding anything else in this Agreement, the Sellers shall retain, and the Purchaser shall not assume from the Sellers, all of the following Liabilities (which, for the avoidance of doubt, shall be Excluded Liabilities):

(a) Liabilities under or in relation to the Assumed Contracts that are not Assumed Liabilities;

(b) any and all Liabilities associated with the Purchased Assets (including any obligations, debts or Liabilities relating to any customer or the Business) arising in or relating to any time prior to the Closing;

(c) any Labilities of the Sellers relating to or arising out of the Excluded Assets;

(d) any Liabilities arising out of or relating to Sellers' actions or omissions prior to the Closing;

(e) any and all obligations, debts or Liabilities of the Sellers, of any kind or nature, whether present, past or future, known or unknown, contingent or otherwise relating to any Employee or Consultant of the Sellers, including any amounts for bonus, incentive commission or pay in lieu of overtime, any amounts owed by the Sellers in respect of each Employee's 401(k) plans or equivalents thereof or under any child-support plans, or any severance or termination obligations related thereto paid or assumed by the Sellers, including any and all Liabilities or obligations of relating to or arising out of (x) the employment, or termination of employment, of any employee, or (y) workers' compensation claims of any employee (the "**Employee Liabilities**");

(f) any (A) liability for any Taxes of Sellers or Sellers' members of any kind or nature whatsoever (with respect to the Purchased Assets, the Business or otherwise), including

any income Taxes arising due to the transfer of the Purchased Assets, (B) liability for Transfer Taxes allocated to Sellers pursuant to Section 8.3 hereof, or (C) liability for Taxes relating to the Purchased Assets, the Business or the Assumed Liabilities for taxable periods (or portions thereof) ending on or before the Closing Date (including any Taxes allocated to Sellers pursuant to Section 8.1 hereof);

(g) any Indebtedness of the Sellers;

(h) all Liabilities related to any violation of Laws or any action, suit or claim of any nature pending, pursued or threatened against the Sellers (whether in relation to the Business or otherwise);

(i) all Liabilities of the Sellers under or in connection with the Organizational Documents of the Sellers and any Contracts relating to the issuance of equity or similar interests or rights in the Seller; and

(j) any and all Liabilities incurred by Sellers in connection with this Agreement or the Ancillary Documents, except as expressly set forth otherwise herein, including all third-party legal, accounting, financial advisory, consulting or other fees and expenses incurred in connection with the Transactions.

1.5 Date, Time and Place of Closing

The Closing shall take place remotely via conference call and electronic exchange of documents at the Closing Time on the Closing Date, or at such other place, on such other date and at such other time as may be agreed upon in writing between the Purchaser and the Sellers.

1.6 Purchase Price

In consideration for the Sellers' sale, transfer and conveyance of the Purchased Assets to the Purchaser and of the Sellers' and the Member's covenants, representations and warranties set forth in this Agreement, and at all times subject to any set-off provided for in this Agreement, the Purchaser agrees to assume from the Sellers the Assumed Liabilities at the Closing and to pay to the Sellers, subject to applicable adjustments under Sections 1.10, a purchase price for the Purchased Assets of $40 million (the assumption of the Assumed Liabilities and such amounts required to be paid pursuant to this Section 1.6 collectively referred to herein as the "**Purchase Price**"), which shall be satisfied as follows:

(a) $20 million payable in cash (the "**Cash Portion**"), of which $12 million shall be paid on the Closing Date (the "**Initial Cash Portion**") and the remaining $8 million (the "**Cash Portion Balance**") shall be paid following the final determination in accordance with Section 1.7 and Section 1.10 that the cumulative Adjusted EBITDA for any rolling twelve (12) month period after April 1, 2019 exceeds $8 million (the "**Adjusted EBITDA Threshold**");

(b) $20 million payable by the delivery to the Sellers of Common Shares at a deemed price of $3.78 per Common Share, of which $6 million shall be paid on the Closing Date by the delivery of 1,587,301 Common Shares and the remaining $14 million shall be paid in two tranches by the delivery of (i) 2,116,402 Common Shares on the date that the Cash Portion Balance is paid (the "**Share Balance**"), and (ii) 1,587,301 Common Shares on the date that

the production facility of the Business achieves from and after April 1, 2019 (i) a total of 120,000 pounds of input material processed, and (ii) sales of such processed material totalling revenues of at least $9 million, in each case to the satisfaction of the Purchaser, acting reasonably (the "**Production Share Balance**"). The Cash Portion Balance, the Share Balance and the Production Share Balance shall be forfeited and shall no longer be payable if not paid under the terms of this Agreement, at the latest, by such time that the 12MR Adjusted EBITDA Statement as of the end of the end of the Third Earnout Period has been finally determined in accordance with Section 1.10.

The Purchase Price shall be allocated among the Sellers in a manner to be determined by the Parties acting reasonably. Any cash portion of the Purchase Price payable by the Purchaser shall be paid by wire transfer of immediately available funds to the account or accounts designated in writing by the applicable Seller on or before the amount is payable.

1.7 Calculation of 12MR Adjusted EBITDA

(a) Until the last of the payments of the Cash Portion Balance, the Share Balance and the Production Share Balance, as soon as reasonably practical and in any event not later than fifty-five (55) days after each completed financial quarter of the Parent, or no later than one hundred (100) days after the applicable financial quarter of the Parent if the end of such quarter also corresponds to the end of a financial year of the Parent (the financial year of the Parent currently ends on March 31 of each year), the Purchaser shall deliver to the Sellers its good faith calculation of the cumulative Adjusted EBITDA for the rolling twelve (12) month period ending at the end of the applicable financial quarter (each a "**12MR Adjusted EBITDA Statement**"), together with all reasonably relevant supporting documentation. The final determination of the 12MR Adjusted EBITDA Statement shall be determined in a manner determined by the Parties acting reasonably.

(b) Any payment to be made pursuant to Section 1.6 of (i) the Cash Portion Balance or the Share Balance shall be made within ten (10) calendar days after the applicable 12MR Adjusted EBITDA Statement has been finally determined pursuant to Section 1.10, and (ii) the Production Share Balance shall be made within ten (10) calendar days after the applicable threshold being met pursuant to Section 1.6, and no interest shall accrue on the amount of any such payment, unless such payment has not been made within the ten (10) day period, in which case it shall bear interest following the expiration of the ten (10) day period at a rate per annum equal to the then prevailing Bank Rate (in which case all accrued interest will be payable in cash). The Purchaser may, at its discretion, pay (i) the Share Balance portion of the Purchase Price in cash by paying to the Sellers the higher of (A) $8 million and (B) an amount corresponding to the value of the Common Shares, calculated as of the actual payment date, that would otherwise have been issued to satisfy the Share Balance, as if such Common Shares had been issued on the execution date of this Agreement (taking into account any increase in value of such Common Shares between the execution date and the actual payment date), and (ii) the Production Share Balance of the Purchase Price in cash by paying to the Sellers the higher of (A) $6 million, and (B) an amount corresponding to the value of the Common Shares, calculated as of the actual payment date, that would otherwise have been issued to satisfy the Production Share Balance, as if such Common Shares had been issued on the execution date of this Agreement (taking into account any increase in value of such Common Shares between the execution date and the actual payment date).

1.8 Earn-Out Payments

(a) The Sellers shall be entitled to the following additional payments as additional consideration for the Purchased Assets, subject to achieving the earn-out performance conditions set forth below:

(i) First Earn-Out: the Sellers shall be entitled to receive a payment equal to five times (5x) the aggregate Adjusted EBITDA in excess of $8 million for the twelve (12) month period ending March 31, 2020 (the "**First Earn-Out Payment**", and such twelve (12) month period, the "**First Earn-Out Period**");

(ii) Second Earn-Out: the Sellers shall be entitled to receive a payment equal to five times (5x) the aggregate Adjusted EBITDA during the twelve (12) month period ending March 31, 2021 (the "**Second Earn-Out Period**") in excess of the greater of (i) $9.6 million, and (ii) 120% of the aggregate Adjusted EBITDA for the First Earn-Out Period (the "**Second Earn-Out Payment**"); and

(iii) Third Earn-Out: the Sellers shall be entitled to receive a payment equal to five times (5x) the aggregate Adjusted EBITDA during the twelve (12) month period ending March 31, 2022 (the "**Third Earn-Out Period**", and each with the First Earn-Out Period and the Second Earn-Out Period, an "**Earn-Out Period**" and collectively the "**Earn-Out Periods**") in excess of the greater of (i) $11.52 million, and (ii) 120% of the aggregate Adjusted EBITDA for the Second Earn-Out Period (the "**Third Earn-Out Payment**", and together with the First Earn-Out Payment and the Second Earn-Out Payment, the "**Earn-Out Payments**").

(b) Schedule 1.8(a) provides examples of the calculation for the Earn-Out Payments. The Earn-Out Payments shall be paid in cash and/or in Common Shares. The Parties agree that the Purchaser has the sole discretion to determine the combination of cash and Common Shares for each of the First Earn-Out Payment, the Second Earn-Out Payment and Third Earn-Out Payment, provided that the Purchaser will be required to pay at least 50% of such First Earn-Out Payment, Second Earn-Out Payment and Third Earn-Out Payment in cash. Any Common Shares issued as part of an Earn-Out Payment will be deemed issued at a price per share equal to the twenty (20) day VWAP (volume weighted average trading price) of the Common Shares on NASDAQ calculated two (2) Business Days prior to its issuance. Any portion of an Earn-Out Payment payable in cash shall be paid by wire transfer of immediately available funds to the account or accounts designated in writing by the applicable Seller on or before the amount is payable.

(c) Notwithstanding anything to the contrary in this Agreement, the maximum amount payable by the Purchaser to the Sellers hereunder, including the Purchase Price and the Earn-Out Payments (in each case, whether paid in cash or in Common Shares), is capped and limited to $150 million (the "**Purchaser Cap**"). Notwithstanding the foregoing, the Sellers' members and other employees shall still be eligible (but are not guaranteed) for future rewards, bonuses and other incentive programs that may be applicable as employees of Purchaser. Funds conveyed to or paid by Purchaser to the Sellers in the form of loans, investments, purchase orders, reimbursement or other similar transactions, expenses or purchase order related payments or fees will be excluded in calculating the aggregate Purchaser Cap. Subsequent to the Closing, the Purchaser shall have sole discretion with

regard to all matters relating to the operation of the Business, provided that during the Earn-Out Period, the Purchaser (i) shall act in good faith with respect to the operation of the Business, including, but not limited to, using commercially reasonable efforts to maintain and increase existing levels of business, and to refrain from taking any actions that would reasonably be expected to be materially adverse to the operation of the Business, (ii) shall retain the Purchased Assets and the operation of the Business, and not transfer them to a different entity; (iii) shall maintain a financial reporting system that enables the Purchaser to separately account for the items of revenue and expense of the Purchaser relating to the Business necessary to make the calculations required by this Agreement with respect to the Business, and (iv) provide adequate financing to the Business, in amounts established in consultation with the executive officers of the Business and within the parameters of the Parent's and the Purchaser's annual budget. Subject to the above covenant, the Sellers acknowledge and agree that (i) neither Parent nor the Purchaser shall be under any obligation to carry on the Business in order to achieve the earnings required to result in any payment to the Sellers under this Agreement, and (ii) that subject to the above covenants there is no restriction on the ability of the Parent to carry out activities that are similar to, or competing with, the Business.

1.9 Calculation of Earn-Out Payments

(a) As soon as reasonably practical and in any event not later than one hundred (100) days after the end of a financial year of the Parent (the financial year of the Parent currently ends on March 31 of each year) for an Earn-Out Period, the Purchaser shall deliver to the Sellers its good faith calculation of the amount of the applicable Earn-Out Payment for the applicable Earn-Out Period (each an "**Earn-Out Statement**"), together with all reasonably relevant supporting documentation. The final determination of an Earn-Out Statement shall be determined in accordance with Section 1.10.

(b) Any payment of an Earn-Out Payment to be made pursuant to Section 1.8 shall be made within 10 Business Days after the applicable Earn-Out Statement has been finally determined pursuant to Section 1.10, and no interest shall accrue on the amount of any such payment, unless such payment has not been made within the ten (10) day period, in which case it shall bear interest following the expiration of the ten (10) day period at a rate per annum equal to the then prevailing Bank Rate (in which case all accrued interest will be payable in cash).

1.10 Preparation of Working Capital Statement

(a) No later than five (5) Business Days prior to the Closing Date (reasonable notice of which shall be provided by the Purchaser), the Sellers shall prepare and deliver to the Purchaser a good faith, estimated, unaudited statement of the Working Capital expected to exist as of the Closing Time (the "**Estimated Working Capital Statement**" and the Working Capital set out therein, the "**Estimated Working Capital**"). The Sellers shall consider the reasonable comments of the Purchaser in preparing the Estimated Working Capital Statement. The Estimated Working Capital Statement shall be certified on behalf of the Sellers by the Chief Executive Officer of the Sellers (or a Person acting in a similar capacity) as being true and correct in all material respects. The Purchase Price, the Cash Portion and the Initial Cash Portion shall be decreased on a dollar-for-dollar basis for every dollar for which the Estimated Working Capital is less than the Target Working Capital.

(b) No later than ninety (90) days after the Closing Date, the Purchaser shall deliver to the Sellers the Purchaser's written good faith estimate of the Working Capital as of the Closing Time (the "**Closing Statement**"). The final determination of the Closing Statement shall be determined in accordance with Section 1.10.

(c) If the Working Capital as set out on the Closing Statement as finally determined in accordance with Section 1.10 (the "**Closing Working Capital**") exceeds the Estimated Working Capital, the Purchaser shall pay to the Sellers an amount equal to the amount by which the Closing Working Capital exceeds the Estimated Working Capital, and if the Closing Working Capital is less than the Estimated Working Capital, the Sellers shall pay to the Purchaser an amount equal to the amount by which the Estimated Working Capital exceeds the Closing Working Capital.

(d) Any payment to be made pursuant to this Section 1.10 shall be made within five Business Days after the Closing Statement has been finally determined pursuant to Section 1.10, and no interest shall accrue on the amount of any such payment.

1.11 Objection to 12MR Adjusted EBITDA Statement, Earn-Out Statement or Closing Statement

(a) The Sellers may object to the 12MR Adjusted EBITDA Statement, Earn-Out Statement or Closing Statement by written notice to the Purchaser within thirty (30) days following receipt thereof, which notice shall specify in reasonable detail those items or amounts as to which the Sellers object (the "**Objection Notice**") and the Parties shall be deemed to have agreed with all other items and amounts (the "**Undisputed Amounts**") contained in such 12MR Adjusted EBITDA Statement, Earn-Out Statement or Closing Statement, as the case may be, which are not impacted by items or amounts objected to in the Objection Notice. If no Objection Notice is made within the period and in the manner specified in the preceding sentence, or if the Sellers and the Purchaser confirm in writing that they accept the 12MR Adjusted EBITDA Statement, Earn-Out Statement or Closing Statement, as applicable, prior to the end of such thirty (30) day period, then the 12MR Adjusted EBITDA Statement, Earn-Out Statement or Closing Statement, as applicable, shall be conclusive, final and binding on all Parties without possibility of amendment or appeal.

(b) If an Objection Notice is delivered in the manner and within the thirty (30) day period specified in the preceding paragraph, the Purchaser shall promptly pay the Undisputed Amounts to the Sellers, as applicable (which Undisputed Amounts shall, from their actual payment, be considered paid for purposes of all provisions under this Agreement, and deducted from any subsequent payment obligation that includes such Undisputed Amounts), and the Parties shall in good faith attempt to resolve any matters in dispute with respect to the 12MR Adjusted EBITDA Statement, Earn-Out Statement or Closing Statement, as applicable, as promptly as practicable. During such period the Purchaser shall furnish to the Sellers copies of books and records as the Sellers shall from time to time reasonably request to enable them to assess the 12MR Adjusted EBITDA Statement, Earn-Out Statement of Closing Statement, as applicable, and shall cooperate with the Sellers in connection therewith, including by providing calculations and explanations that may be reasonably requested. If the Sellers and the Purchaser are unable to resolve all such items in dispute within thirty (30) days after the receipt of the Objection Notice giving rise to such dispute, shall be referred to the Independent Auditor. The Independent Auditor shall

act as an expert and not as an arbitrator and shall be required to determine the items in dispute that have been referred to it as soon as reasonably practicable but, in any event, not later than thirty (30) days after the date of referral of the dispute to it. In making its determination, the Independent Auditor will only consider the issues in dispute placed before it. The Sellers and the Purchaser shall provide or make available all documents and information as are reasonably required by the Independent Auditor to make its determination. The determination of the Independent Auditor shall be final and binding on the Parties and the 12MR Adjusted EBITDA Statement, Earn-Out Statement or Closing Statement, as applicable, shall be (or not be) adjusted as required by such determination.

(c) The Parties will bear their respective fees and expenses (including those of their respective advisers) in preparing or reviewing the 12MR Adjusted EBITDA Statement, Earn-Out Statement or Closing Statement, as applicable. The Purchaser, on the one hand, and the Sellers, on the other hand, shall pay the fees and expenses of the Independent Auditors incurred in connection with the Independent Auditor's review of the matters in dispute based upon the percentage which the portion of the contested amount not awarded to each such Party (or Parties) bears to the amount actually contested by such Party (or Parties).

1.12 Adjustments to Purchase Price

The Parties agree that all adjustments and payments under Section 1.7, Section 1.8, Section 1.10 or Article 9 are intended to be adjustments to the Purchase Price for all Tax purposes. Except to the extent required by applicable Law, all Parties shall report the purchase and sale of the Purchased Assets in any Tax Return in accordance with this Section 1.12 and Section 8.4 hereof.

1.13 No Fractional Shares

The Parties agree that no fractional Common Share shall be delivered to the Sellers hereunder, and the number of Common Shares deliverable to satisfy a payment hereunder shall be rounded down to the nearest whole number.

1.14 Third Party Consents

To the extent that any of the Purchased Assets is not assignable without the consent, waiver or approval of another Person under any applicable Contract or Law, neither this Agreement nor any Ancillary Document shall not constitute an assignment or an attempted assignment of such Purchased Asset if such assignment or attempted assignment would constitute a breach thereof and such consent, waiver or approval is not obtained prior to the Closing (each, a "**Outstanding Consent**"); *provided*, *however*, that this sentence shall not be construed to have any effect on any of the representations or warranties set forth in this Agreement. The Sellers, at their sole cost and expense, shall arrange to provide the Purchaser with the rights, use and benefits intended to be assigned to the Purchaser with respect to the underlying Purchased Asset related to any Outstanding Consent, including all current pricing arrangements with vendors of the Business in effect immediately prior to the Closing and enforcement of any and all rights of the Sellers against other parties thereto arising out of the breach or cancellation thereof by such other parties or otherwise, with the Purchaser (or, if not allowable or practicable, the Sellers at the cost of the Purchaser) satisfying any and all of the Liabilities that may arise, directly or indirectly, following the Closing in connection therewith, including by the Sellers subcontracting, sublicensing or subleasing to the Purchaser such Liabilities; provided, that all reasonable out-of-pocket expenses

of such arrangement and related actions shall be paid by the Sellers. Furthermore, if the other party's consent, waiver or approval in connection with any Outstanding Consent is subsequently obtained, then the Sellers shall immediately sell, transfer, convey, assign and deliver such Purchased Asset to the Purchaser for no additional consideration. If and to the extent that such arrangement cannot be made in respect of any Outstanding Consent promptly following the Closing, the Purchaser shall have no further obligation with respect to the Purchased Assets to which such Outstanding Consent pertains and the Purchase Price shall be correspondingly reduced in an amount to be determined by the Purchaser, acting reasonably and in good faith.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES OF THE MEMBER

The Member hereby represents and warrants to the Purchaser and Parent that the statements contained in this Article 2 are true, correct and complete and acknowledges that the Purchaser and Parent are relying on said representations and warranties for the purpose of entering into the Transactions:

2.1 Organization, Qualification, and Authorization

If such Member is not a natural person, such Member is a duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. Such Member has full power and authority to enter into, execute and deliver this Agreement and the other agreements contemplated hereunder and to perform fully its obligations hereunder and thereunder, and this Agreement (i) has been duly approved by all requisite action on the part of such Member, (ii) has been duly executed and delivered by such Member, and (iii) is a valid and binding obligation of such Member enforceable against such Member in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency or similar Laws affecting the enforcement of creditor's rights generally or by general principles of equity (whether considered at law or in equity) (the "**Enforceability Exception**").

2.2 Non-Contravention; Conflicts; Consents

(a) Such Member is not party to, bound by, affected by or subject to, any (i) Contract, (ii) provision of its Organizational Documents or (iii) Laws or Governmental Authorizations, that would be violated, breached by, or under which default would occur or an Encumbrance would, with or without notice or the passage of time, be created on the Purchased Assets, or in respect of which the obligations of the Sellers or the Purchaser relating to the Business will increase or be accelerated or the rights or entitlements of the Sellers or the Purchaser relating to the Business will decrease or be decelerated, as a result of the execution and delivery of, or the performance of obligations under, this Agreement or any Ancillary Document, or the consummation of the Transactions.

(b) Except as set forth in Schedule 1.1(b), there is no requirement to obtain any consent, approval or waiver, or to provide any notification to any Person, under any Contract or provision of such Member's Organizational Documents in order for such Member to enter into, execute, deliver and perform this Agreement or any Ancillary Documents, or to perform any and all of its obligations contemplated by this Agreement or such Ancillary Documents.

(c) Except as set forth in Schedule 3.3(c), such Member need not give any notice to, make any filing with, or obtain any Order, authorization, consent, waiver or approval of, any Governmental Entity in connection with the execution, delivery and performance of this Agreement or any Ancillary Document by such Member.

2.3 Tax Matters

Such Member has had an opportunity to review with his, her or its own advisors the Tax consequences of the Transactions and understands that he, she or it must rely solely on such advisors and not on any statements or representations made by the Purchaser or any of its Representatives in regard to such Tax consequences, other than any representations and warranties made by the Purchaser in this Agreement or the Ancillary Documents. Such Member understands that such Member (and not the Purchaser or any other Person) shall be responsible for his, her or its own Tax liability that may arise as a result of the Transactions.

2.4 Absence of Claims

Such Member has no present claim against the Sellers nor knowledge of any facts or circumstances that could constitute the basis for any future claim by such Member against the Sellers under any Contract or on any other legal basis, whether in such Member's capacity as a shareholder of the Sellers or otherwise.

2.5 No Other Assets Related to the Business

The Member does not own, directly or indirectly, any assets, properties or rights of any nature whatsoever that may be used in the operation of the Business, other than the Purchased Assets and the Excluded Assets.

2.6 No Brokers or Fees

Neither such Member nor such Member's Affiliates have incurred or will incur, directly or indirectly, any Liability for brokerage or finders' fees or agents' commissions, fees related to investment banking or similar advisory services or any similar charges in connection with this Agreement, the Ancillary Documents or the Transactions, nor will the Purchaser or its Affiliates incur, directly or indirectly, any such Liability based on arrangements made by or on behalf of such Member or its Affiliates.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Each of the Sellers hereby represents and warrants to the Purchaser and Parent that the statements contained in this Article 3 are true, correct and complete and acknowledge that the Purchaser and Parent are relying on said representations and warranties for the purpose of entering into the Transactions:

3.1 Organization, Qualification, and Authorization.

(a) The Sellers are limited liability companies duly organized, validly existing and in good standing under the laws of the State of North Carolina for Forest and Maine for Sugarleaf. The Sellers have full power and authority and all licenses, permits, and authorizations necessary to carry on business and to carry on the Business as presently conducted. The

Sellers are not in default under or in violation of any provision of their Organizational Documents.

(b) The Sellers have the full power and authority required to enter into, execute and deliver this Agreement and the Ancillary Documents and to perform fully their obligations hereunder and thereunder, and this Agreement and each of the Ancillary Documents (i) has been duly approved by all requisite corporate action on the part of the Sellers, (ii) has been duly executed and delivered by the Sellers, and (iii) is a valid and binding obligation of the Sellers enforceable against it in accordance with their terms, except as such enforceability may be limited by the Enforceability Exception.

(c) The Sellers are registered, licensed or otherwise qualified as foreign limited liability companies in any jurisdiction in which the nature of the Business or the location or character of any assets or Liabilities held, owned or leased by the Sellers makes such registration, license or qualification required by Law.

3.2 Organization and Ownership of the Sellers

(a) Schedule 3.2(a) sets forth a true, correct and complete list of the names of the members and managers of the Sellers and the names and titles of each of the officers of the Sellers. Complete and correct copies of the Organizational Documents of the Sellers have been delivered to the Purchaser and neither the members nor the managers of the Sellers have approved or proposed any amendment to any of such Organizational Documents. Sellers are in compliance with their Organizational Documents in all material respects.

(b) All of the Sellers' authorized and outstanding equity securities are as set forth in Schedule 3.2(b) and are held, and will continue during the Earn Out Period to be held, by Peter M. Galloway. Other than as set forth in Schedule 3.2(b), there are no outstanding (i) equity interests or voting securities of the Sellers of any nature, (ii) pre-emptive or similar rights on the part of any holders of any class or series of securities of the Sellers or (iii) warrants, options, agreements, subscriptions, equity appreciation rights, convertible or exchangeable securities, phantom equity, or other Contracts or rights pursuant to which the Sellers are or may become obligated to issue, sell, purchase, return or redeem any shares of capital stock or other securities or other equity interests of the Sellers, and no equity securities or other equity interests of the Sellers are reserved for issuance for any purpose.

(c) Except as set forth in Schedule 3.2(c), the Sellers do not have and have never had any Subsidiaries, and do not own and have never owned, directly or indirectly, any shares, partnership interest, limited liability company interest, joint venture interest or other equity interest of any Person.

(d) Except as set forth in Schedule 3.2(d), the Sellers do not operate any business other than the Business.

3.3 Non-Contravention; Conflicts; Consents

(a) Except as set forth in Schedule 3.3(a), the Sellers are not party to, bound by, affected by or subject to, any (i) Contract, (ii) provision of their Organizational Documents or (iii) Laws or Governmental Authorizations, that would be violated, breached by, or under which default would occur or an Encumbrance would, with or without notice or the passage of

time, be created on the Purchased Assets, or in respect of which the obligations of the Sellers or the Purchaser relating to the Business will increase or be accelerated or the rights or entitlements of the Sellers or the Purchaser relating to the Business will decrease or be decelerated, as a result of the execution and delivery of, or the performance of obligations under, this Agreement or any Ancillary Documents, or the consummation of the Transactions.

(b) Except as set forth in Schedule 3.3(b), there is no requirement to obtain any consent, approval or waiver, or to provide any notification to any party, under any Contract to which the Sellers are party in order for the Sellers to enter into, execute and deliver this Agreement or any Ancillary Documents, or to perform any and all of their obligations contemplated by this Agreement or such Ancillary Documents.

(c) Except as set forth in Schedule 3.3(c), the Sellers need not give any notice to, make any filing with, or obtain any Order, authorization, consent, waiver or approval of, any Governmental Entity in connection with the execution, delivery and performance of this Agreement or any Ancillary Document.

3.4 Title to Purchased Assets

Except as set forth in Schedule 3.4, the Sellers are the exclusive owner of, and have good, valid and marketable title to all the Purchased Assets, free and clear of all Encumbrances. Except as set forth in Schedule 3.4, the Sellers are the exclusive owner of, and have good, valid and marketable title to all the assets set forth on the Most Recent Balance Sheet other than any assets disposed of in the ordinary course of business since the date of the Most Recent Balance Sheet, free and clear of all Encumbrances. Except as set forth in Schedule 3.4, the Sellers have all rights, power and authority to sell, convey, assign, transfer and deliver the Purchased Assets to the Purchaser in accordance with the terms of this Agreement and the Ancillary Documents. Except as set forth in Schedule 3.4, the Purchased Assets are free and clear of any and all Encumbrances. There has been no assignment, subletting or granting of any license (of occupation or otherwise) of or in respect of any of the Purchased Assets or any granting of any agreement or right capable of becoming an agreement or option for the purchase or license of any of the Purchased Assets other than pursuant to the provisions of, or as disclosed in, this Agreement.

3.5 Absence of Guarantees

Except as set forth in Schedule 3.5, the Sellers have not given or agreed to give, nor are the Sellers parties to, bound by, or liable (including contingently) under, any guarantee, surety, indemnity or other Contract in respect of indebtedness or other Liabilities of any other Person, and there is no guarantee, surety, indemnity or other Contract which the Sellers are not parties to, bound by, or liable (including contingently) under pursuant to which any of the Purchased Assets are liable or subject to seizure, sale or other legal process upon the enforcement of such guarantee, surety, indemnity or commitment or in satisfaction of such responsibility.

3.6 Sufficiency of Assets

Except as set forth in Schedule 3.6, the Purchased Assets constitute all of the assets, properties and rights of any nature whatsoever that are used in, held for use in, or are necessary to operate the Business as conducted by the Sellers. The Purchased Assets are sufficient for the continued

conduct of the Business by the Purchaser after the Closing in substantially the same manner as conducted by the Sellers prior to the Closing. Except for the Excluded Assets and as set forth in Schedule 3.6, the Sellers do not own, directly or indirectly, any other assets, properties or rights of any nature whatsoever.

3.7 Condition of Assets

The Tangible Assets (i) are in good condition and (where applicable) proper working order, subject only to ordinary wear and tear, (ii) are suitable for the purposes for which they are currently being used or held for use by the Sellers, (iii) have been properly and regularly maintained and (iv) is not subject to any material aspects or operational deficiencies that would reasonably be expected to affect the operation or planned operation of such Tangible Assets.

3.8 Inventories

Inventories of finished goods are saleable and all other Inventories are merchantable or usable and all Inventories are in quantities usable or saleable after the Closing, in a manner consistent with ordinary course of business prior to the Closing. The Inventory levels have been maintained at the amounts required for the operation of the Business in the ordinary course and such Inventory levels are adequate for the operation of the Business. The Inventories of finished goods conform in all material respects with their respective specifications and all published representations and warranties.

3.9 Compliance with Law

The Sellers are, and have in respect of the Business been, in compliance in all material respects with all Laws and Orders. The Sellers have all Governmental Authorizations that are necessary to conduct the Business as presently conducted, all of which are listed in Schedule 3.8. There is no pending or, to the Knowledge of the Sellers, threatened, applications or pleadings with any Governmental Entity that challenges or questions the validity of any material rights under any Governmental Authorization held by the Sellers.

3.10 Technology

The following representations and warranties in this Section 3.10 (other than those set out in subparagraph (d)) are each qualified in their entirety by the Knowledge of the Sellers:

(a) Schedule 1.1(d) lists all of the Intellectual Property and all registrations and applications for registration thereof, including patent/design type, grant status, jurisdiction of registration or application, file date, grant date, expiry date and registration or application number, as applicable.

(b) Except as set forth in Schedule 3.10(b), the Sellers have the exclusive beneficial and registered owners of each item of the Technology necessary to operate the Business.

(c) All Contracts relating to any of the Technology are in full force and effect and no default exists on the part of the Sellers or, to the Knowledge of the Sellers, on the part of the other parties thereto.

(d) Except as set forth in Schedule 3.10(d), there are no Encumbrances relating to any of the Technology.

(e) All of the Intellectual Property is in full force and effect and has not been used or enforced or failed to be used or enforced in a manner that would result in its abandonment, cancellation or unenforceability.

(f) All Intellectual Property consisting of issued registrations is valid and enforceable.

(g) There are no Actions by the Sellers relating to breaches, violations, infringements or interferences with any of the Technology by any other Person, and the Sellers have no knowledge of any facts upon which such an Action could be based.

(h) To the Knowledge of the Sellers, no other Person is using any of the Technology so as to breach, violate, infringe or interfere with the rights of the Sellers.

(i) There are no Actions in progress or pending or threatened against the Sellers relating to the Technology by any other Person, and there is no valid basis for any such Action.

(j) The carrying on of the Business and the use, possession, reproduction, distribution, sale, licensing, sublicensing or other dealings involving any of the Technology does not breach, violate, infringe or interfere with any rights of any other Person.

(k) The Technology does not include any Intellectual Property in respect of which the Sellers' officers, Employees or Consultants have any rights. All current and former officers, Employees and Consultants have assigned, or will assign prior to Closing, in writing all of their rights in the Intellectual Property to the Sellers and have waived in writing any moral rights that they may hold in any Purchased Assets consisting of copyrighted works.

(l) The Information Technology:

(i) is reasonably suitable for the purposes for which it is being used and is proposed to be used based on the plans and forecasts of the Sellers including their forecasted growth;

(ii) is complete and no other computer hardware, software, system or other information technology is needed in order to carry on the Business as presently conducted;

(iii) is free from known material defects or deficiencies;

(iv) does not require a material upgrade or replacement within the twelve (12) month period after the Closing Date and none are planned;

(v) except as set forth in Schedule 3.10(l)(v), does not contain any disabling mechanisms or protection features which are designed to disrupt or prevent the use of the Information Technology, including computer viruses, time locks or any code, instruction or device that may be used without authority to access, modify, delete or damage any of the Information Technology.

3.11 Real Property; Leased Real Property

(a) The Sellers do not own, directly or indirectly, any real property.

(b) Schedule 3.11 sets forth a complete list of the Leased Real Property and attaches a copy of the lease for each such property.

(c) Except as disclosed in Schedule 3.11, the Leased Real Property Leases have not been altered or amended, are in full force and effect, and will continue to be legal, valid, binding, enforceable and in full force and effect on identical terms immediately following Closing, subject to the Enforceability Exception. There are no Contracts between the landlord and tenant, or sublandlord and subtenant, or other relevant parties relating to the use and occupation of the Leased Real Property, other than as contained in the Leased Real Property Leases.

(d) There are no outstanding material defaults (or events which would constitute a material default with the passage of time or giving of notice or both) under the Leased Real Property Leases on the part of the Sellers or to the Knowledge of the Sellers on the part of any other party to such Leased Real Property Leases.

(e) Except as disclosed in Schedule 3.11, all interests held by the Sellers as lessee or occupant under the Leased Real Property Leases are free and clear of all Encumbrances.

(f) To the extent required, the landlord(s) and all applicable Governmental Entities have authorized and approved the use of the Licensed Real Property for the Business.

3.12 Personal Information

The Sellers have conducted and operated their business in compliance in all material respects with applicable Laws and the Sellers' internal privacy policies relating to the collection, use, disclosure, storage, transfer and any other processing of any PII of any Person collected, used, disclosed, stored, transferred or processed by the Sellers in any manner or, to the Knowledge of the Sellers, on their behalf by third parties having authorized access to such information. The Sellers have taken commercially reasonable steps to protect the PII that has been collected by or on behalf of the Sellers against loss or theft and against unauthorized access, copying, use, modification, disclosure or other misuse. To the Knowledge of the Sellers, there has been no unauthorized access to or other misuse of any PII that has been collected by or on behalf the Sellers. The Purchased Assets do not include any PII of individuals who have objected to the transfer or use of their PII by the Sellers or any Third Party (including to the transfer to the Purchaser hereunder and/or any subsequent transfers by the Purchaser). The Sellers have all rights necessary to transfer any and all PII contained in the Purchased Assets. The Sellers have not been the subject or notified of any complaints, investigations, claims, audits or other Actions alleging non-compliance with any applicable Law or Applicable Privacy Law in relation to the collection, use and commercial exploitation of the Purchased Assets and no complaints, investigations, claims, audits or other Actions is ongoing or threatened.

3.13 Litigation

(a) Except as disclosed in Schedule 3.13, there are no, and there has not been at any time, any actual or pending or, to the Knowledge of the Sellers, threatened, Actions against or

relating to any of the Sellers, or any of their officers, directors, shareholders or employees or the Purchased Assets, including in relation to any acts or defaults for which the Sellers may be vicariously liable which, if determined adversely to the Sellers or any of their officers, directors, shareholders or employees or the Purchased, as applicable, would enjoin, restrict or prohibit the transfer of all or any part of the Purchased Assets as contemplated by the Transactions and, to the Knowledge of the Sellers, there is no existing fact or circumstance based on which any such Action might be commenced with any reasonable likelihood of success.

(b) There is no Order of any Governmental Entity or arbitrator outstanding against the Sellers or any Person for whose acts or defaults the Sellers may be liable. The Sellers have never undergone, and are not currently undergoing, any audit, review, inspection, investigation, survey or examination of records by a Governmental Entity.

3.14 Tax Matters

Except as set forth in Schedule 3.14:

(a) There are no Taxes of the Sellers for which the Purchaser will become liable as a result of the Transactions (other than any Transfer Taxes that are the Purchaser's responsibility under Section 8.3).

(b) Each of the Sellers has timely filed all material Tax Returns that it was required to file and all such Tax Returns are true, complete and correct in all material respects. All Taxes of the Sellers that are due and payable have been fully paid. There are no Encumbrances for Taxes (other than Taxes not yet due and payable) on the Business or the Purchased Assets. There is no pending or ongoing examination or audit relating to Taxes by any Governmental Entity which may result in an Encumbrance over the Purchased Assets. To the Knowledge of the Sellers, there is no reason why the Sellers would not be granted full tax clearances from the states in which the Purchased Assets are located to the extent required by Law.

(c) No Seller and no director or officer (or employee responsible for Tax matters) of each Seller expects any Governmental Entity to assess any additional Tax for any period for which Tax Returns have been filed by the applicable Seller.

(d) None of Sellers' Tax Returns is being audited nor is currently the subject of audit by any Governmental Entity. No issue has been raised by written inquiry of any Governmental Entity, which, by application of the same principles, would reasonably be expected to affect the Tax treatment of the Purchased Assets or the Business in any taxable period (or portion thereof) ending after the Closing Date. No power of attorney with respect to any Tax matter is currently in force with respect to the Purchased Assets or the Business that would, in any manner, bind, obligate or restrict Purchaser. The Sellers have not executed or entered into any Contract with, or obtained any consents or clearances from, any Governmental Entity, or have been subject to any ruling guidance, that would be binding on the Purchaser for any taxable period (or portion thereof) ending after the Closing Date. No written claim has been made by a Governmental Entity in a jurisdiction where Sellers do not file Tax Returns that Sellers are or may be subject to taxation in such jurisdiction.

(e) Neither Seller has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(f) Sellers have withheld all Taxes required to have been withheld in connection with amounts paid or owing to any employee, independent contractor, creditor, shareholder, customer, client (or employees of customers and/or clients) or other third party, and has timely remitted and reported all withheld Taxes to the proper Governmental Entity in accordance with applicable Laws.

(g) None of the Purchased Assets or any property used in the Business is (i) "tax-exempt use property" within the meaning of Section 168(h)(1) of the Code, (ii) "tax-exempt bond financed property" within the meaning of Section 168(g) of the Code or (iii) "limited use property" (treated as owned by a Person other the Sellers) within the meaning of Rev. Proc. 2001-28.

(h) None of the Purchased Assets are "United States real property interests" within the meaning of Code Section 897.

(i) Neither Seller is or has been party to any "reportable transaction", as defined in Section 6707A(c)(1) of the Code and U.S. Treasury Regulation Section 1.6011-4(b).

(j) None of the Purchased Assets are equity interests in any entity, including any entity treated as a corporation, partnership, trust or disregarded entity for U.S. federal income tax purposes.

3.15 Insurance

(a) Schedule 3.15 contains a list of all insurance policies currently maintained by or for the Sellers and includes a brief description of each such policy or arrangement, including details of the aggregate coverage amount, type of insurance, annual premium amount, expiration date and applicable deductibles under each such policy or arrangement. Such policies are in force and effect up to the Closing Date and there are no circumstances which might make any of the policies void or voidable or enable any insurer to refuse payment of all or part of any claim under the policies. Copies of all such policies and arrangements have been delivered to the Purchaser.

(b) All premiums due to date under the insurance policies referred to in paragraph (a) have been paid, no default exists thereunder and, with respect to any material claims made under such policies, no insurer has made any "reservation of rights" or refused to cover, or disputed, all or any portion of such claims. The Sellers have no Knowledge of any oral notice of cancellation of or proposed material increase in the premiums payable for, or proposed reduction in the scope (or discontinuation) of, coverage under any of such insurance policies. There is no Action by the Sellers pending under any of such policies as to which coverage has been questioned, denied or disputed by the underwriters or carriers of such policies.

(c) The Sellers will assume the costs of securing the prior acts coverages (run off) on each insurance policy on a claims made basis as these are likely to fall on an automatic run off coverage for prior acts as of the Closing Date. The Sellers will secure at their own expenses a run off coverage not less than 5 years to report any claim arising from past acts prior to

the Closing Date. Furthermore, the Sellers will assume the costs of securing the coverage on insurance policies that might be on an occurrence basis for the coverage of the liability stemming from products sold prior to the Closing Date. The Sellers will secure at their own expenses a run off product liability coverage not less than 5 years to cover any claim arising from past products sold prior to the Closing Date.

(d) No claim is outstanding under any policies and, to the Knowledge of the Sellers, no matter exists which might give rise to such claim.

(e) Schedule 3.15(d) contains a list of all insurance claims and circumstances under each policy of the Sellers made over the last five years and all Losses incurred with respect thereto.

3.16 Employees

(a) Schedule 3.16 contains a list of all Employees and Consultants of the Sellers, including their name, title, base compensation and wage rates, bonus arrangements, benefits, positions, types of contract (full or part time), length of service, whether classified as exempt or non-exempt for wage and hour purposes, date of hire, and law governing the agreement. All employees of the Sellers are employed on an at-will basis.

(b) The Sellers are not party to or bound by any collective bargaining agreement and to the Knowledge of the Sellers, there are no labor unions or other organizations representing any Employees employed by the Sellers.

(c) The Sellers are and have been in compliance with all provisions of applicable Law pertaining to the employment of Employees and engagement of Consultants employed or engaged by the Sellers, including applicable tax Laws and all such Laws relating to labor relations, equal employment, fair employment practices, entitlements, prohibited discrimination, occupational health and safety, privacy, immigration or other similar employment practices or acts.

(d) There are no employment, consultant or contractor Contracts programs, policies or promises to provide any cash or other compensation or benefits (including termination or severance pay) to any Employee or Consultant or to any other Person relating to or as a result of the consummation of the Transactions.

(e) Sellers are not engaging, and have never engaged, in any unfair labor practice and there is and there is no unfair labor practice complaint against Sellers pending before the National Labor Relations Board or any state or local agency.

(f) There are no, and within the last 5 years there have been no, grievances, complaints or charges with respect to employment or labor matters (including allegations of employment discrimination, retaliation or unfair labor practices) pending or threatened against Sellers with any Governmental Entity.

(g) To the Knowledge of the Sellers, no employment policy or practice of the Sellers is being audited or investigated by any Governmental Entity.

(h) The particulars of the Employees and Consultants of the Sellers disclosed in Schedule 3.16 show all remuneration and other benefits actually provided or which the Sellers are bound to provide (whether now or in the future), to each Employee and Consultant of the Sellers and are true and complete and include particulars of and detail of participation in all profit sharing, incentive, bonus, commission, medical, permanent health insurance, directors' and officers' insurance, travel, car, redundancy and other benefit schemes, arrangements and understandings operated for all or any existing or former employees and consultants of the Sellers or their dependents whether legally binding on the Sellers or not.

(i) The Sellers have reported and withheld all amounts required by Law or agreement to be reported or withheld from the wages, bonus or salaries of their Employees or Consultants and they do not have any unaccrued Liabilities for any current or past employment benefits, wages, vacation pay or Taxes, interest or penalties.

(j) The Sellers have provided properly all statutorily required workers' compensation insurance and tendered appropriate premiums for such coverage and has properly made all required unemployment tax payments to the appropriate authorities.

(k) Schedule 3.16(k) contains a complete and accurate list of all material, written "employee benefit plans," within the meaning of Section 3(3) of ERISA, currently maintained by the Sellers or to which the Sellers are currently obligated to contribute and all other material written bonus, incentive or deferred compensation, pension, profit-sharing, savings, stock option or other equity based plans, severance arrangements, employment agreements and other similar material written plans, agreements, programs and arrangements currently maintained by the Sellers or under which any Employee of the Sellers has any present or future rights in their capacity as an Employee (collectively, the "**Benefit Plans**").

(l) Each Benefit Plan has been operated and administered in all material respects in accordance with its terms and with applicable Law, including, where applicable, ERISA and the Code. Each Benefit Plan covering U.S. employees which is intended to be qualified under Section 401(a) of the Code has received or applied for either a favorable pre-approved plan opinion letter from the National Office of the IRS or an individual favorable determination letter or a notification or advisory letter from the IRS and, to the Knowledge of the Sellers, there are no circumstances likely to result in the revocation of any such Benefit Plan's qualified status. There is no pending or, to the Knowledge of the Sellers, threatened material Action or audit relating to the Benefit Plans. No Benefit Plan covering U.S. employees within the current or preceding five years is subject to Section 302 of ERISA or Section 412 of the Code, and no Benefit Plan maintained by or to which any ERISA Affiliate contributes is a defined benefit pension plan subject to Title IV of ERISA.

(m) With respect to each Benefit Plan, the Sellers have made available to the Purchaser correct and complete copies of the following documents, to the extent applicable: (i) the most recent Benefit Plan document and all amendments thereto; (ii) the most recent summary Benefit Plan description or member booklet; (iii) the Sellers' Forms 5500 filed with the IRS for the most recent year; and (iv) the Company's most recent favorable opinion**,** advisory, notification or determination letter issued by the IRS.

(n) No material liability under Subtitles C, D or E of Title IV of ERISA has been or is expected to be incurred by the Sellers with respect to the plan of any ERISA Affiliate.

(o) The Sellers do not have any obligations for retiree health, life or other post-employment benefits under any Benefit Plan (other than as required by COBRA or similar applicable state continuation coverage Law) or collective bargaining agreement.

(p) The Sellers do not have any material actual or contingent liability for prohibited transactions described in Section 406 of ERISA or Section 4975 of the Code.

(q) Except as required to maintain the favorable Tax status of any Benefit Plan, there has been no amendment to, or announcement by the Sellers relating to any Benefit Plan that would increase materially the Sellers' expense of maintaining such Benefit Plan above the level of the expense incurred therefor for the most recent fiscal year. Neither the execution of this Agreement or the Ancillary Documents nor the consummation of the Transactions will (x) accelerate the time of payment or vesting or result in any material payment or funding (through a grantor trust or otherwise) of compensation or benefits under, materially increase the amount payable or result in any other material obligation pursuant to, any of the Benefit Plans (other than as required under applicable Law), or (y) result in payments which would not be deductible under Section 280G of the Code.

(r) Each Benefit Plan is either exempt from, or if subject to, complies with, Section 409A of the Code. The Sellers have not granted to any Person an interest in any Benefit Plan subject to Section 409A of the Code that is, or upon the lapse of a substantial risk of forfeiture with respect to such interest will be, subject to the Tax imposed by Section 409A(a)(1)(B) or (b)(4)(A) of the Code.

3.17 Financial Statements; Absence of Undisclosed Liabilities

(a) Attached as Schedule 3.17(a) are the unaudited balance sheet and statement of profit and loss of each of the Sellers for period ended March 31, 2019 (collectively, the "**Financial Statements**"). The Financial Statements fairly present in all material respects the financial condition and operating results of the Sellers as of the dates, and for the periods, indicated therein.

(b) Other than as set forth in Schedule 3.17(b), the Sellers do not have outstanding Indebtedness of any nature (including any forward sale or purchase agreement or conditional sale agreement or other transaction having the commercial effect of a borrowing) and whether or not of a type which would be required to be shown or reflected in a balance sheet prepared in accordance with IFRS, other than, for the avoidance of doubt, trade obligations incurred in the ordinary and usual course of business. The Seller have not received any notice to repay under any Contract relating to any borrowing or Indebtedness which is repayable on demand.

(c) The Accounts Receivable are good and collectible at the aggregate recorded amounts, except to the extent of any reserves and allowances for doubtful accounts provided for such Accounts Receivable in the Most Recent Balance Sheet as adjusted in the ordinary course of business and incorporated into the Closing Statement, and are not subject to any defence, counterclaim or set off.

(d) Except for Liabilities (i) reflected or reserved against in the Most Recent Balance Sheet or (ii) incurred in the ordinary course of business consistent with past practice since the date

of the Most Recent Balance Sheet, the Sellers have no Liabilities or obligations of any nature (whether accrued, absolute, contingent, known or otherwise).

3.18 Absence of Changes and Unusual Transactions

Since the date of the Most Recent Balance Sheet:

(a) there has not been any Material Adverse Effect;

(b) except as set forth in Schedule 3.18(b), there has not been any change in the financial condition, operations or prospects of the Business or the Purchased Assets other than changes in the ordinary course of business, none of which has a Material Adverse Effect;

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

(d) except as set forth in Schedule 3.18(d), the Sellers have not transferred, assigned, sold, licensed, leased, subleased, transferred, abandoned, assigned or granted any rights in or otherwise disposed of any of the assets shown or reflected in the Most Recent Balance Sheet or cancelled any debts or entitlements except, in each case, in the ordinary course of business;

(e) there has been no sale, assignment, subletting, licensing or granting of any rights in or other disposition of or in respect of any of Purchased Assets, including Intellectual Property, or any part thereof or any granting of any Contract or right capable of becoming an agreement or option for the purchase, assignment, subletting, licensing or granting of any rights in or disposition of any of the Purchased Assets or any part thereof other than pursuant to the provisions of, or as disclosed in, this Agreement or pursuant to purchase orders accepted by Sellers in the ordinary course of business;

(f) except as set forth in Schedule 3.18(f), the Sellers have not incurred or assumed any obligation or Liability (fixed, contingent or otherwise), except in the ordinary course of business;

(g) the Sellers have not created or permitted to exist any Encumbrance affecting any of the Purchased Assets;

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

(i) except as set forth in Schedule 3.18(i), the Sellers have not granted any bonuses, whether monetary or otherwise, or made any general wage or salary increases in respect of any of their Employees or Consultants or changed the terms of employment or engagement for any Employee or Consultant or entered into a written Contract with any Employee or Consultant;

(j) except as set forth in Schedule 3.18(j), the Sellers have not directly or indirectly, engaged in any transaction, made any loan or entered into any arrangement with any officer, director, partner, shareholder, Employee (whether current or former or retired), Consultant or agent of the Sellers;

(k) except as set forth in Schedule 3.18(k), the Sellers have not changed the manner of billing of, or the credit lines made available to, any of their customers;

(l) except as set forth in Schedule 3.18(l), the Sellers have not changed their accounting methods, principles or practices or their pricing, promotion or warranty policies and practices, except as required by any change in GAAP, IFRS or applicable Law;

(m) except as set forth in Schedule 3.18(m), the Sellers have not engaged in any merger, consolidation, reorganization, reclassification, liquidation, dissolution or similar transaction or filed a petition in bankruptcy under any provision of federal or state bankruptcy Law or consented to the filing of any bankruptcy petition against it under any similar Law;

(n) except as set forth in Schedule 3.18(n), the Sellers have not cancelled or terminated any Insurance Policy without obtaining comparable substitute insurance coverage or otherwise failed to take commercially reasonable efforts to maintain any Insurance Policy;

(o) except as set forth in Schedule 3.18(o), the Sellers have not effectuated a "plant closing" or "mass layoff" (as those terms are defined under the WARN Act) affecting in whole or in part any site of employment, facility, operating unit or employees;

(p) the Sellers have not hired or dismissed any of the Employees;

(q) the Sellers have not, directly or indirectly, declared or paid any dividends or declared or made any other payments or distributions on or in respect of any of their shares and have not, directly or indirectly, purchased or otherwise acquired any of their shares; and

(r) the Sellers have not authorized, agreed or otherwise become committed to do any of the foregoing.

3.19 Non-Arm's Length Transactions

Except as set forth in Schedule 3.19, no Affiliate, manager or officer, former manager or officer, member, Employee, Consultant of, or any other Person not dealing at arm's length with, the Sellers or their Affiliates is engaged in any transaction or arrangement with or is a party to a Contract with, or has any Indebtedness, Liability or obligation to, the Sellers, except for employment and/or consultant arrangements with Employees and Consultants, the terms of which are disclosed in Schedule 3.16.

3.20 Material Contracts

Schedule 3.20 contains a complete and correct list of all Material Contracts. The term "**Material Contracts**" means all of the following types of Contracts:

(a) Contracts with any employee, consultant, dependent or independent contractor, advisor, officer or manager of the Sellers, or any Contract to grant any severance or termination pay (in cash or otherwise) to any such Person, other than any severance or termination payable solely pursuant to applicable Law;

(b) Contracts or groups of related Contracts (A) involving payment to or by the Sellers in excess of $50,000 over any twelve (12) month period or (B) involving rights or obligations of the Sellers that may reasonably extend beyond one (1) year from the date of the execution thereof;

(c) Contracts relating to the incurrence of Indebtedness, the making of advancements or loans (other than trade receivables owed to the Seller in the ordinary course of business), or the imposition of an Encumbrance on the Purchased Assets, including mortgages, indentures, security agreements, loan agreements, notes, sale and leaseback agreements, purchase money obligations incurred in connection with the acquisition of property, pledge agreements or conditional sale or title retention agreements;

(d) joint venture, limited liability company, partnership agreements or similar type of Contract (however named) with respect to any venture, investment or asset of the Sellers or involving the sharing of profits, losses, costs or liabilities with any other Person;

(e) Contracts not otherwise set out on Schedule 3.20 requiring severance, retention or termination payments, or payments upon a change in control of the Sellers;

(f) Contracts related to interest rate, currency and other hedging arrangements;

(g) Contracts primarily and/or significantly relating to the Technology, including all Licenses, but excluding Contracts concerning Technology licensed to the Sellers pursuant to any third party "shrink wrap" or "click wrap" license or any license concerning generally commercially available software;

(h) Contracts limiting or restraining the Sellers or any other Person from engaging or competing in any material respect in any material lines of business with any Person;

(i) Contracts involving either (A) the purchase or sale of (x) the capital stock or other equity interests of any Person, (y) substantially all or a material portion of the assets of any Person, or (z) the real property of, any Person, or (B) a merger, consolidation or reorganization with another Person;

(j) Contracts with any Governmental Entity;

(k) Contracts relating to the acquisition or disposition of rights in any real property used by the Sellers;

(l) Contracts of surety or that contain a warranty, guaranty, indemnification or other similar undertakings of the Sellers, other than in the ordinary course of business;

(m) Contracts limiting the freedom of the Sellers or Parent or any of their Representatives to compete in any line of business or any geographic area, acquire goods or services from any supplier, establish the prices at which they may sell any goods or services, sell goods or

services to any customer or potential customer, transfer or move any of their assets or operations, or contain any "key-man" or similar provisions;

(n) Contracts relating to the settlement of any Action;

(o) Contracts entered into by the Sellers other than in the ordinary course of business;

(p) Contracts entered into by the Sellers for any hemp-related activities, including but not limited to contracts for the purchase, sale, distribution, transport, manufacture, processing, or testing of hemp and/or any hemp-derived products;

(q) Contracts that are not otherwise listed in this Section 3.20 and which are material to the Sellers.

Except as set forth in Schedule 3.20, each Material Contract: (i) is valid, binding and enforceable upon the Sellers and, to the Knowledge of the Sellers, the other parties thereto, subject to the Enforceability Exception; (ii) is in full force and effect and unamended; and (iii) has not been breached by the Sellers or, to the Knowledge of the Sellers, by any other party thereto, nor is there any event or condition which, to the Knowledge of the Sellers, with the passage of time would constitute a material default or a material breach by the Sellers or any Third Party. Except as set forth in Schedule 3.20, no party to any of the Material Contracts has indicated, nor do the Sellers have any reasonable basis to believe that any party to any of the Material Contracts will indicate, that it intends to cancel, withdraw, modify or amend any of same. True and complete copies of all Material Contracts have been made available to the Purchaser, and a summary of any oral Material Contracts is set out on Schedule 3.20.

3.21 Environmental Matters

(a) The Sellers and the Leased Real Properties are and have been in compliance with all Environmental Laws. There are no pending or, to the Knowledge of the Sellers, threatened, Actions pursuant to any Environmental Laws with respect to the Sellers or the Leased Real Properties. Neither the Sellers nor their directors or officers have been convicted of an offense for non-compliance with Environmental Laws, been fined or received a penalty for non-compliance with Environmental Laws or settled an Action relating to non-compliance with Environmental Laws or been required by any Governmental Entity to (i) alter any Leased Real Property in order to be in compliance with Environmental Laws, or (ii) perform any environmental closure, decommissioning, rehabilitation, restoration or post-remedial investigations, on, about, or in connection with any Leased Real Property.

(b) The Sellers have not received any directive, inquiry, notice, Order, warning or other communication from any Governmental Entity or other Persons that relates to any offence or failure or any non-compliance, whether real, alleged or potential in connection with any applicable Environmental Laws and to the Knowledge of the Sellers, there are no past or existing facts or circumstances that could reasonably be expected to result in Sellers or any of their predecessors being subject to any environmental Liabilities or Orders.

(c) No asbestos or asbestos containing materials are used, stored or otherwise present in or on the Leased Real Property or any other Purchased Asset. No equipment, waste or other material containing polychlorinated biphenyls (PCBs) are used, stored or otherwise present in or on the Leased Real Property or any other Purchased Asset.

(d) There has been no Release by the Sellers of any Hazardous Substance which is now present in, on or under any of the Leased Real Property or any other Purchased Assets (including underlying soils and substrata, vegetation, surface water and groundwater) at levels which exceed decommissioning or remediation standards under any Environmental Laws or standards published or administered by the Governmental Entity responsible for establishing or applying such standards.

(e) The Sellers have no knowledge of any Hazardous Substance in, on or under the Leased Real Property or any other Purchased Asset. The Sellers has no knowledge of any proposed changes to Environmental Laws which may affect the operations of the Business.

3.22 Vendors and Customers

(a) Schedule 3.22(a) lists the Sellers' ten (10) largest vendors by expenditure for the 12-month period ending December 31, 2018 (such vendors, the "**Material Vendors**") in the order of the aggregate amount of purchases by the Seller. Except as set forth in Schedule 3.22(a), No Material Vendor has terminated, cancelled or adversely changed its relationship, or the terms upon which it conducts business, with the Seller. No Material Vendor has provided any written or, to Knowledge of the Seller, oral, notice of its intention to terminate, cancel or adversely change its relationship, or the terms upon which it conducts business, with the Seller. Seller is not involved in any material dispute or controversy with any of its Material Vendors.

(b) Schedule 3.22(b) lists the Sellers' ten (10) largest customers by revenue for the 12-month period ending December 31, 2018 (such vendors, the "**Material Customers**") in the order of the aggregate amount of sales by the Seller. No Material Customer has terminated, cancelled or adversely changed its relationship, or the terms upon which it conducts business, with the Seller. No Material Customer has provided any written or, to Knowledge of the Seller, oral, notice of its intention to terminate, cancel or adversely change its relationship, or the terms upon which it conducts business, with the Seller. Seller is not involved in any material dispute or controversy with any of its Material Vendors.

3.23 Solvency; Fraudulent Conveyance

The Sellers are not entering into this Agreement with the intent to hinder, defraud or delay any of the Sellers' creditors and the consummation of the Transactions will not have any such effect. The Transactions do not constitute a fraudulent conveyance, or otherwise give rise to any right of any creditor of the Sellers or any other Person whatsoever to any of the Purchased Assets after the date hereof.

3.24 No Brokers or Fees

The Sellers have not incurred and will not incur, directly or indirectly, any liability or obligation for brokerage or finders' fees or agents' commissions, fees related to investment banking or similar advisory services or any similar charges in connection with this Agreement, the Ancillary Documents or the Transactions, nor will the Purchaser or their Affiliates incur, directly or indirectly, any such liability or obligation based on arrangements made by or on behalf of the Sellers or their Affiliates.

3.25 Common Shares

Each of the Sellers:

(a) acknowledge that the Common Shares issuable hereunder are being issued on a prospectus exempt basis under the securities laws of the Province of Québec as consideration for the assets of the Seller, which have a fair value of not less than CAD$150,000;

(b) acknowledges that the certificates or statements evidencing the Common Shares will contain the following legend or a similar legend (together with any other legend required by applicable Law):

> "THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF NEPTUNE WELLNESS SOLUTIONS INC. (THE "CORPORATION") THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION, (B) IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PURSUANT TO RULE 144 UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE UNITED STATES STATE SECURITIES LAWS, AND IN THE CASE OF (C) AND (D) ABOVE THE SELLER FURNISHES TO THE CORPORATION AND THE CORPORATION'S TRANSFER AGENT AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. UNLESS PERMITTED UNDER SECURITIES LEGISLATION OF CANADA, THE HOLDER OF THE SECURITIES REPRESENTED HEREBY MUST NOT TRADE SUCH SECURITIES BEFORE [DATE THAT IS 4 MONTHS AND A DAY AFTER CLOSING]. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA

After a period of four (4) months and one (1) day following Closing, the penultimate sentence of the preceding legend may be removed upon written request for trading on the TSX, provided that the Common Shares must be admitted to trading on the TSX prior to any legend removal pursuant to a request for trading on the TSX.

(c) acknowledges that the Common Shares have not been registered under the U.S. Securities Act of 1933, as amended (the "Act") and that the offer and sale of Common Shares to it is being made in reliance on a private placement exemption available under Section 4(a)(2) and/or Rule 506(b) under the Act;

(d) is an "accredited investor" within the meaning of Rule 501(a) of the Act;

(e) is not purchasing the Common Shares as a result of any "general solicitation" or "general advertising" (as those terms are used in Rule 502(c) of the Act) or any manner involving a public offering within the meaning of 4(a)(2) of the Act;

(f) acknowledges that the Common Shares will be "restricted securities" within the meaning of Rule 144(a)(3) under the Act, and it agrees that if it decides to offer, sell or otherwise transfer any of the Common Shares, it will only offer, sell, pledge or otherwise transfer such securities, directly or indirectly (i) to the Purchaser, (ii) in compliance with Rule 904 of Regulation S under the U.S. Securities Act ("Regulation S") and in compliance with applicable local laws and regulations, (iii) in a transaction exempt from registration under the Act pursuant to Rule 144 under the Act, if available, or (iv) in a transaction that does not require registration under the Act, and in the case of (iii) and (iv) above, it has furnished to the Purchaser and the Purchaser's transfer agent, an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Purchaser to that effect;

(g) is acquiring the Common Shares issuable hereunder for its own account as principal for investment purposes, and not with the intention of, or for the purpose of, immediate resale or further distribution;

(h) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Common Shares and is able to bear the economic risks of, and withstand the complete loss of, such investment;

(i) has had access to such information concerning the Purchaser as it has considered necessary in connection with its investment decision to acquire the Common Shares and acknowledges that it has been offered the opportunity to ask questions to and receive answers from management of the Purchaser concerning the terms and conditions of the offering of the Common Shares, and to obtain any additional information which the Purchaser possesses or can acquire without unreasonable effort or expense;

(j) represents and warrants that immediately prior to Closing, it will not directly or indirectly own or control any Common Shares;

(k) agrees that the certificates of statements evidencing the Common Shares may bear legends evidencing the lock-up restrictions imposed under the Lock-Up Agreement.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER AND PARENT

Each of the Purchaser and Parent represents and warrants to the Sellers and Member that the statements contained in this Article 4 are true, correct and complete and acknowledge that the Sellers and Member are relying on said representations and warranties for the purpose of entering into the Transactions:

4.1 Organization, Qualification, and Corporate Power

(a) The Purchaser and the Parent are corporations duly organized, validly existing and in good standing under the laws of the Delaware and Québec, respectively.

(b) Each of the Purchaser and the Parent has the full power and authority required to enter into, execute and deliver this Agreement and the Ancillary Documents and to perform fully its

obligations hereunder and thereunder, and this Agreement and each of the Ancillary Documents (i) has been duly approved by all requisite corporate action on its part, (ii) has been duly executed and delivered by it, and (iii) is a valid and binding obligation of the Purchaser and the Parent enforceable against it in accordance with its terms.

4.2 Issuance of the Common Shares

The issuance and delivery of the Common Shares issuable to the Sellers in accordance with the terms of this Agreement have been duly authorized by all necessary corporate action on the part of the Parent and the Purchaser. The Common Shares issuable to the Sellers in accordance with the terms of this Agreement, when issued and delivered to the Sellers as provided herein, will be duly authorized, validly issued, fully paid and non-assessable.

4.3 Disclosure Record

The Parent is a "reporting issuer" or the equivalent thereof in all of the provinces and territories of Canada and is not on the list of reporting issuers in default under applicable Canadian securities Laws. No securities authority has issued any order which is currently outstanding preventing or suspending trading in the Common Shares, no such proceeding is pending or, to the knowledge of the Parent, threatened. The Parent is required to file periodic reports pursuant to Section 13(a) or Section 15(d) of the Exchange Act and pursuant to applicable Canadian securities Laws. As of the date of this Agreement, the items in the Parent's Public Disclosure Record do not, and, as of their respective dates did not include, any untrue statement of a material fact or omit to state any material fact required to be stated therein, or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. As of the date of this Agreement the Parent is current with its filing obligations under applicable securities Laws. The Parent has not filed any confidential material change report or other document with any applicable securities authorities or any other applicable Governmental Entities which remains confidential as of the date of this Agreement.

4.4 No Brokers or Fees

Other than in connection with the engagement of TD Securities Inc. as financial advisor to the Parent, the Purchaser and the Parent have not incurred and will not incur, directly or indirectly, any liability or obligation for brokerage or finders' fees or agents' commissions, fees related to investment banking or similar advisory services or any similar charges in connection with this Agreement, the Ancillary Documents or the Transactions, nor will the Sellers or their Affiliates incur, directly or indirectly, any such liability or obligation based on arrangements made by or on behalf of the Purchaser, the Parent or their respective Affiliates.

4.5 Non-Contravention; Conflicts; Consents

(a) Neither the Purchaser nor the Parent is a party to, bound by, affected by or subject to, any (i) Contract, (ii) provision of its Organizational Documents or (iii) Laws or Governmental Authorizations, that would be violated, breached by, or under which default would occur, as a result of the execution and delivery of, or the performance of obligations under, this Agreement or any Ancillary Documents, or the consummation of the Transactions.

(b) Except as set forth in this Schedule 4.5(b), there is no requirement to obtain any consent, approval or waiver, or to provide any notification to any party, under any Contract to which

the Purchaser, the Parent or their respective Affiliates is a party in order for the Purchaser and the Parent to enter into, execute and deliver this Agreement or the Ancillary Documents, or to perform any and all of its obligations contemplated by this Agreement or the Ancillary Documents.

(c) Except as set forth in Schedule 4.5(c), the Purchaser and the Parent need not give any notice to, make any filing with, or obtain any Order, authorization, consent, waiver or approval of, any Governmental Entity in connection with the execution, delivery and performance of this Agreement or any Ancillary Document.

ARTICLE 5
OTHER COVENANTS OF THE PARTIES

5.1 Conduct of Business Prior to Closing

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

(a) **Conduct Business in the Ordinary Course –** except as otherwise contemplated or permitted by this Agreement, (i) conduct the Business in the usual and ordinary manner consistent with past practice, (ii) use reasonable efforts to maintain the Business and their employees, customers, suppliers, assets and operations as an ongoing concern consistent with past practice, (iii) maintain their properties and other assets in good working condition, (iv) not, without prior written consent of the Purchaser, enter into any transaction other than in the ordinary course of its business and consistent with past practice on terms that are arm's length, (v) not, without prior written consent of the Purchaser, enter into any material commitment or transaction, (vi) give the Purchaser prompt written notice of any material change in or affecting the Sellers or the Business, and (vii) not, without the prior written consent of the Purchaser, enter into any transaction which, if effected before the date of this Agreement, would constitute a breach of the representations, warranties or agreements of the Sellers contained in this Agreement;

(b) **Maintain Good Relations –** use all reasonable efforts to maintain good relations with the Employees, customers and suppliers;

(c) **Continue Insurance –** continue in force all policies of insurance maintained by or for the benefit of the Sellers relating to the Business and give all notices and present claims under all insurance policies in a timely fashion;

(d) **Comply with Laws –** comply with all Laws affecting the operation of the Business;

(e) **Prevent Certain Changes –** not, without the prior written consent of the Purchaser, which consent shall not be unreasonably withheld, take any of the actions, do any of the things or perform any of the acts described in Section 3.18;

(f) **Approvals –** cooperate with the Purchaser and use all commercially reasonable efforts to obtain and diligently assist the Purchaser in obtaining (i) all necessary consents, approvals and authorizations, under any applicable Law, and (ii) all necessary consents and approvals under the Contracts; and

(g) **Advise of Changes** – promptly advise the Purchaser orally and, if then requested, in writing: (i) of any fact or any change in the business, operations, affairs, assets, liabilities, financial condition or prospects of the Business that could have a Material Adverse Effect; (ii) of any breach by the Sellers of any covenant or agreement contained in this Agreement; and (iii) of any death, disability, resignation, termination of employment or other departure of any Key Employee.

5.2 Access for Investigation

(a) The Sellers shall permit the Purchaser and its representatives, between the date of this Agreement and the Closing Time, to have free and unrestricted access during normal business hours to the Purchased Assets and other locations where other material relevant to the Business are stored. The Sellers shall furnish to the Purchaser copies of Books and Records as the Purchaser shall from time to time reasonably request to enable confirmation of the matters warranted in Article 3 and the accounting representatives of the Purchaser shall be afforded ample opportunity to make a full investigation of all aspects of the financial affairs of the Sellers relating to the Business. The Purchaser shall have the right to have the Leased Real Property, the Tangible Assets and the Technology inspected and tested by the Purchaser's representatives. The Sellers shall cooperate and assist, to the extent reasonably requested by the Purchaser, with the Purchaser's investigation of the Business and the Purchased Assets. The Purchaser's rights of access shall be exercised in a manner that does not unreasonably interfere with the operation of the Business.

(b) Notwithstanding Section 5.2(a), the Sellers shall not be required to disclose any information, records, files or other data to the Purchaser where prohibited by any Laws. If any consent of any Person or Governmental Entity is required to permit the Sellers to release any information to the Purchaser, the Sellers shall promptly inform the Purchaser thereof and shall make all reasonable efforts to obtain such consent as soon as possible.

(c) The Sellers shall forthwith, upon request by the Purchaser or Purchaser's counsel, execute and deliver to the Purchaser all necessary consents to permit the Purchaser to have inspections made and have existing records released to the Purchaser by the municipal building and zoning department, fire department, public works, environmental agencies, the elevator inspections branch of the provincial or territorial department of labour and other appropriate authorities as the Purchaser may consider advisable between the date of this Agreement and Closing. Such consents shall authorize and direct the release of information to the Purchaser.

5.3 Actions to Satisfy Closing Conditions

Each of the Parties shall take all such actions as are within its power to control, and use reasonable commercial efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with each of the conditions and covenants set forth in Article 5, Article 6 and Article 7 which are for the benefit of any other Party, provided that the Purchaser shall not be required to dispose of or make any change to its business, the business of any of its Affiliates or the Business, or expend any material amounts or incur any other obligation in order to comply with this Section.

5.4 Financing Matters

The Sellers and the Member agree to use all commercially reasonable efforts to cause the officers, employees and advisors of the Sellers to cooperate in connection with the financing for the transactions contemplated by this Agreement as may be reasonably requested by the Parent or the Purchaser, including participation in meetings, cooperating for the preparation of private placement memoranda, prospectuses and similar documents, and cooperating for any financing documents, provided that any out-of-pocket expenses incurred by the Sellers or the Member in connection with the above shall be reimbursed by the Parent or the Purchaser, subject to their prior approval of such costs or expenses, acting reasonably.

5.5 Financial Statements

(a) The Sellers shall:

(i) as soon as reasonably practicable after the date hereof, and in any event within forty-five (45) days of the date hereof, provide to the Purchaser BAR-Compliant Financial Statements for most recent annual period (on a comparative basis) and, if applicable, quarterly period, ended prior to the date hereof; and

(ii) during the period prior to Closing, within thirty (30) days of the completion of any interim quarterly period, or within forty-five (45) days of the completion of any annual period, as applicable, provide to the Purchaser BAR-Compliant Financial Statements which relate to such quarterly or annual period; and upon delivery thereof in accordance herewith.

(b) During the period prior to Closing, the Sellers shall use their reasonable efforts to:

(i) respond to enquiries from the Purchaser as to matters reasonably required (as determined by the Purchaser, acting in good faith) for the Purchaser to satisfy its obligations under applicable securities Laws;

(ii) respond (and cause their current officers, managers and employees to respond) to any due diligence inquiries in respect of the Business or the Purchased Assets as may be reasonably requested, directly or indirectly, by the Purchaser, or any of its representatives; and

(iii) cause their auditors to cooperate with the Purchaser's accounting professionals and auditors as is reasonably required by the Purchaser.

(c) Following the Closing Date, the Sellers shall use their reasonable efforts to assist the Purchaser with the preparation and filing by the Parent of a business acquisition report pursuant to Part 8 of National Instrument 51-102 – Continuous Disclosure Obligations.

(d) Following the Closing Date, the Purchaser shall use its reasonable efforts to assist the Sellers with the preparation of a Certificate of Exemption from applicable sales and use taxes, provided that any out-of-pocket expenses in connection thereto shall be the responsibility of the Sellers.

5.6 Disclosure of Confidential Information

From and after the Closing, the Sellers shall, and shall cause their direct and indirect members to keep confidential, and not disclose to any Person not party to this Agreement, any and all confidential, non-public or proprietary information relating to the Sellers, the Business, the Purchaser and any of their Affiliates and the transactions contemplated by this Agreement or the Ancillary Documents except information which (a) is part of the public domain, or becomes part of the public domain other than as a result of a breach of these provisions by any of the Sellers; (b) was received in good faith after Closing from an independent Person who, to the knowledge of the Sellers, was lawfully in possession of such information free of any obligation of confidence; (c) is released from the provisions of this Section 5.6 by the prior written authorization of the Purchaser; or (d) is required by Law to be disclosed, in which case the Sellers will give the Purchaser prompt written notice of such requirement, to the extent reasonably practicable, in advance of the disclosure of such information so that the Purchaser or their Affiliates may seek an appropriate order or other remedy protecting such information from disclosure, and the Sellers shall, at the expense of the Purchaser, reasonably cooperate with the Purchaser and their Affiliates to obtain such protective order or other remedy.

5.7 Remittance

The Sellers agree that following the Closing they will hold in trust for the benefit of the Purchaser and remit to the Purchaser any amounts collected by them or delivered to them that are a Purchased Asset, or that relate to the Purchaser's operation of the Business following the Closing.

5.8 Further Assurances and Efforts

Each Party will use its commercially reasonable efforts to execute and deliver such further certificates, agreements and other documents and take such other actions as the other Party may reasonably request as may be necessary or appropriate to consummate or implement the transactions contemplated hereby or to evidence such events or matters.

5.9 Public Notices

(a) The Purchaser and the Sellers shall jointly plan and coordinate any public notices, press releases, and any other publicity concerning the transactions contemplated by this Agreement or any Ancillary Document and no Party shall act in this regard without the prior approval of the Purchaser and the Sellers, such approval not to be unreasonably withheld, unless such disclosure is required to meet timely disclosure obligations of any Party under applicable Laws in circumstances where such prior consultation is not practicable and a copy of such disclosure is provided to the Purchaser and the Sellers prior to such disclosure.

(b) From and after the Closing until such time as the Purchaser and the Sellers mutually agree, the Sellers shall provide notice of the transactions described herein on their website in the form as agreed to between the Purchaser and the Sellers on or prior to the date hereof. Subject to Section 5.9(a), the Sellers shall generally provide all notices and information and take all reasonable steps as directed by the Purchaser and as required by any applicable Contract or Law in order to sufficiently inform the customers of the transactions described herein and in the Ancillary Documents and the Purchaser's contact information.

5.10 Employees

For the avoidance of doubt, the Sellers shall be solely responsible for all amounts accrued or owing the Employees and Consultants, including amounts for bonus incentive and/or commission or pay in lieu of overtime, and all other liabilities relating to the Employees and Consultants in respect of all periods up to and including the Closing Date, regardless of whether such amounts would otherwise be payable as of the Closing Date; provided however that the Purchaser shall assume and be responsible for vacation entitlements that are accrued in the normal course of business but unused as of the Closing Date, for Employees who become employees of the Purchaser as of the Closing Date, as set forth in Schedule 5.10 (which may be updated as of the Closing Date). Furthermore, the Sellers acknowledge and agree that it shall be entirely responsible for all Employee Costs.

On the Closing Date, Sellers shall terminate the employment of all the Employees, including the Key Employees. Purchaser shall offer employment effective on the Closing Date to all Employees, including Key Employees who are subject to an Employment Agreement. Purchaser shall provide each Transferred Employee with retirement and benefits as other similarly situated employees of Parent receive.

Purchaser shall also give each Transferred Employee credit for his or her Accrued PTO and recognize all service or the Transferred Employees with the Sellers as if such service were with the Purchaser, for vesting, eligibility and accrual purposes, except to the extent that such recognition would result in a duplication of benefits.

5.11 Bulk Sales Laws

The parties agree to work together to secure an appropriate sales and use tax law exemption from the applicable provisions of the bulk sales, bulk transfer or similar Laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Purchased Assets to the Purchaser; it being understood that, for the avoidance of doubt, any Losses arising out of the failure of the Sellers to comply with the requirements and provisions of any applicable bulk sales, bulk transfer or similar Laws of any jurisdiction shall be treated as an Excluded Liability. Notwithstanding the foregoing, in the event both parties make a good faith attempt to qualify for an exemption from sales and use taxes, and such effort is not accepted by a taxing authority on a substantive basis, the resulting tax shall be treated as an Excluded Liability. Any out-of-pocket expenses in connection with the foregoing shall be the responsibility of the Sellers.

5.12 Change of Sellers' Names

Forthwith following the completion of the purchase and sale of the Purchased Assets under this Agreement, the Sellers shall discontinue use of the names "Sugarleaf Labs" and "Forest Remedies", except where legally required to identify the applicable Seller until its name has been changed to another name. Member may continue to operate the businesses in their respective names listed on Schedule 5.12. The Sellers shall deliver at Closing articles or a certificate of amendment to change their limited liability company name to another name not including the words "Sugarleaf" and "Forest Remedies" and otherwise not confusingly similar to the present name of a Seller or its products. The Sellers shall file such articles or certificates of amendment with the applicable Governmental Entity immediately following the Closing.

5.13 Assistance with Regulatory Matters

The Purchaser and the Parent will offer reasonable administrative or compliance related assistance to assist Sellers and its Member with any sale, transfer, or other issues related to the Common Shares issuable under this Agreement, provided that the Sellers or the Member, as applicable, shall be responsible for any out-of-pocket expenses of the Purchaser or Parent in connection therewith.

5.14 Notice of Untrue Representation or Warranty

The Sellers shall notify the Purchaser, and the Purchaser shall notify the Sellers, promptly upon any representation or warranty made by it contained in this Agreement becoming incorrect prior to Closing, and, for the purposes of this Section 5.14, unless otherwise specified, each representation and warranty shall be deemed to be given at and as of all times from the date of this Agreement to the Closing Date. Any such notice shall set out particulars of the untrue or incorrect representation or warranty and details of any actions being taken by the Sellers or the Purchaser, as the case may be, to rectify the incorrectness. No such notice will relieve either Party of any right or remedy provided for in this Agreement.

ARTICLE 6
PURCHASER'S CONDITIONS PRECEDENT

The obligation of the Purchaser to complete the purchase of the Purchased Assets under this Agreement is subject to the satisfaction of, or compliance with, at or before the Closing Time, each of the following conditions precedent (each of which is acknowledged to be inserted for the exclusive benefit of the Purchaser and may be waived by it in whole or in part):

6.1 Truth and Accuracy of Representations of the Sellers at the Closing Time

All of the representations and warranties of the Sellers made in or pursuant to this Agreement shall be true and correct in all material respects at the Closing Time and with the same effect as if made at and as of the Closing Time (except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted by this Agreement) and the Purchaser shall have received a certificate from a senior officer of the Sellers confirming the truth and correctness of such representations and warranties.

6.2 Performance of Obligations

The Sellers shall have performed or complied with, in all material respects, all their obligations, covenants and agreements under this Agreement and the Purchaser shall have received a certificate from a senior officer of the Sellers confirming such performance or compliance, as the case may be.

6.3 Receipt of Closing Documentation

All instruments of conveyance and other documentation relating to the sale and purchase of the Purchased Assets including assignments of Contracts (and consents to such assignments, where required), assignments of Real Property Leases, surveys, bills of sale and trade-mark assignments, documentation relating to the due authorization and completion of such sale and purchase and all actions and proceedings taken on or prior to the Closing in connection with the performance by the Sellers of their obligations under this Agreement shall be satisfactory to the Purchaser, acting

reasonably, and the Purchaser shall have received copies of all such documentation or other evidence as it may reasonably request in order to establish the consummation of the transactions contemplated by this Agreement and the taking of all corporate proceedings in connection with such transactions in compliance with these conditions, in form (as to certification and otherwise) and substance satisfactory to the Purchaser. Without limiting the foregoing, the Purchaser shall have received each of the Ancillary Documents, duly executed by the Sellers or the Member, as applicable.

6.4 Notifications, Consents, Authorizations and Registrations

(a) All notifications, consents, approvals, Orders and authorizations of any Person (and registrations, declarations, filings or recordings with any Governmental Entity), required in connection with the completion of any of the transactions contemplated by this Agreement, the execution of this Agreement, the Closing or the performance of any of the terms and conditions of this Agreement, and consents to the disclosure of Personal Information to the Purchaser and the continuing use of such Personal Information by the Purchaser in a manner consistent with the operation of the Business and any consents required under Contracts shall have been obtained at or before the Closing Time on terms acceptable to the Purchaser, acting reasonably.

(b) All authorizations, consents, approvals, waivers or modifications to Restricted Rights required by the Purchaser shall have been obtained at or before the Closing Time on terms acceptable to the Purchaser.

6.5 No Proceedings

There shall be no Order issued delaying, restricting or preventing, and no pending or threatened Claim or judicial or administrative proceeding, or investigation against any Party by any Person, for the purpose of enjoining, delaying, restricting or preventing, the consummation of the transactions contemplated in this Agreement or otherwise claiming that this Agreement or the consummation of such transactions is improper or would give rise to proceedings under any Laws.

6.6 Encumbrances

The Purchaser shall have received evidence satisfactory to it that all Encumbrances other than Permitted Encumbrances have been discharged and that the Purchased Assets are free and clear of all Encumbrances other than Permitted Encumbrances.

6.7 Bulk Sales and Retail Sales Tax Compliance

The Purchaser shall have received evidence satisfactory to it that the Sellers have complied with the requirements of (a) any applicable bulk sales legislation in respect of the purchase and sale of the Purchased Assets under the Agreement, and (b) any applicable sales tax legislation (including for the avoidance of doubt, obtaining any applicable state tax clearance certificates).

6.8 Non-Competition and Lock-Up

The Sellers and the Member shall have executed and delivered (i) the Lock-Up Agreement and (ii) the Non-Competition Agreement.

6.9 Actual Possession

The Sellers shall have delivered actual possession of the Purchased Assets to the Purchaser.

6.10 Releases

The Sellers shall have released any Employees to be employed by the Purchaser from and after the Closing from any confidentiality or non-competition agreements or non-solicitation covenants with the Sellers except for those provided in the Change of Control Plan, which may continue to be enforced by the Sellers or the Member (as applicable) after Closing with the prior written consent of the Parent (which consent may not unreasonably be withheld) or to the extent that they have been assigned to the Purchaser.

6.11 No Material Damage

No material damage by fire or other hazard to the Purchased Assets shall have occurred prior to the Closing Time.

6.12 Key Employees

Each of the Key Employees and other employees of the Sellers identified by the Purchaser during the course of its due diligence review shall have signed employment contracts with the Purchaser in the form attached as Exhibit E (collectively, the "**Employment Agreements**"); provided that, pursuant to each employment contract, Purchaser shall maintain the right and ability to terminate the Key Employee at any time if his or her continued employ would be in violation of the Law.

6.13 No Material Adverse Effect

There shall have been no Material Adverse Effect since the date of this Agreement.

6.14 Environmental Audit

The Purchaser shall have completed at its discretion an evaluation of the environmental condition of the Real Property and any environmental issues associated with the Purchased Assets, an environmental site assessment and/or compliance audit that may include invasive testing and sampling at the Purchaser's expense of the Real Property and/or a compliance audit of the operations of the Business and the results of such evaluation and/or audit shall be satisfactory to the Purchaser in its sole discretion.

6.15 Employee Liabilities

The Purchaser shall have received from the Sellers evidence satisfactory to the Purchaser that the Employee Liabilities have been repaid and discharged in full , other than those Liabilities forming part of the Assumed Liabilities.

6.16 TSX and NASDAQ Approval

The Purchaser shall have received receipt of conditional approval from the TSX and NASDAQ for the transactions contemplated by this Agreement, including for greater certainty receipt of the conditional listing approval for all Common Shares issuable hereunder, and no approval of the

holders of the Common Shares shall have been required by the TSX or NASDAQ in connection therewith.

6.17 Financing

The Purchaser shall have obtained the financing required to pay the Initial Cash Portion on terms and conditions acceptable to the Purchaser at the Purchaser's sole discretion. In the event that on or before July 31, 2019, all conditions precedent to Closing are reasonably satisfied or waived by the appropriate party (other than conditions that by their nature are to be (and will be) satisfied on Closing) except the financing condition in this Section 6.17 and the Purchaser fails to close the transaction hereunder as a result of its failure to satisfy the condition in this Section 6.17, provided that neither the Sellers nor the Member are then in material default of a covenant or obligation hereunder (disregarding any applicable cure period), are not otherwise in material breach of this Agreement, and have not previously been in material default of a covenant or obligation hereunder that has contributed to the Purchaser's failure to obtain such financing by July 31, 2019, the Purchaser shall make on a monthly basis, on August 1, September 1 and October 1, 2019, three consecutive non-interest bearing loans of $500,000 to the Sellers (for an aggregate combined principal amount of up to $1.5 million), provided that the foregoing remains accurate at the applicable disbursement date and the Closing has not occurred for the foregoing reason on or before the applicable disbursement date. In the event that either (i) the Closing occurs or (ii) the Closing does not occur on or before the Outside Date for the foregoing reason and the foregoing remains accurate, the Sellers shall not be required to repay to the Purchaser the loans made to them pursuant to this Section 6.17.

6.18 FIRPTA Certificate

Each Seller shall provide Purchaser a properly executed certificate, certifying that each Seller is not a foreign person (within the meaning of Section 1445 of the Code), executed in accordance with the requirements of U.S. Treasury Regulation Section 1.1445-2(b)(2) and in a form reasonably satisfactory to Purchaser.

If any of the foregoing conditions in this Article 6 has not been fulfilled by Closing, the Purchaser may terminate this Agreement by written notice to the Sellers, in which event the Purchaser is released from all obligations under this Agreement, and unless the Purchaser can show that the condition relied upon could reasonably have been performed by the Sellers (after any applicable cure period has been given), the Sellers are also released from all obligations under this Agreement. However, the Purchaser may waive compliance with any condition in whole or in part if it sees fit to do so, without prejudice to its rights of termination in the event of non-fulfilment of any other condition, in whole or in part, or to its rights to recover damages for the breach of any representation, warranty, covenant or condition contained in this Agreement.

If the Parent or the Purchaser have actual knowledge of a breach or default on the part of the Sellers or the Member under this Agreement, which breach or default would not reasonably be expected to be known by the Seller or the Member and may prevent or delay any of the foregoing conditions being met, the Purchaser shall promptly provide written notice of such breach or default to the Sellers and the Member, and the latter Parties shall use commercially reasonable efforts to cure such breach or default as promptly as practicable, and no later than ten (10) calendar days from such notice.

ARTICLE 7
SELLERS' CONDITIONS PRECEDENT

The obligations of the Sellers to complete the sale of the Purchased Assets under this Agreement shall be subject to the satisfaction of or compliance with, at or before the Closing Time, each of the following conditions precedent (each of which is acknowledged to be inserted for the exclusive benefit of the Sellers and may be waived by them in whole or in part):

7.1 Truth and Accuracy of Representations of the Purchaser at Closing Time

All of the representations and warranties of the Purchaser made in or pursuant to this Agreement shall be true and correct in all material respects at the Closing Time and with the same effect as if made at and as of the Closing Time and the Sellers shall have received a certificate from a senior officer of the Purchaser confirming the truth and correctness of such representations and warranties.

7.2 Letter of Credit

The Purchaser shall deliver a letter of credit issued by a chartered bank to guarantee the payment of the Cash Portion Balance, in a form reasonably acceptable to Sellers acting in good faith.

7.3 Performance of Obligations

The Purchaser shall have performed or complied with, in all respects, all its obligations, covenants and agreements under this Agreement and the Sellers shall have received a certificate from a senior officer of the Purchaser confirming such performance or compliance, as the case may be.

If any of the foregoing conditions in this Article has not been fulfilled by the Outside Date, the Sellers may terminate this Agreement by notice in writing to the Purchaser, in which event the Sellers are released from all obligations under this Agreement, and unless the Sellers can show that the condition relied upon could reasonably have been performed by the Purchaser (after any applicable cure period has been given), the Purchaser is also released from all obligations under this Agreement. However, the Sellers may waive compliance with any condition in whole or in part if they see fit to do so, without prejudice to their rights of termination in the event of non-fulfilment of any other condition in whole or in part or to their rights to recover damages for the breach of any representation, warranty, covenant or condition contained in this Agreement.

If the Sellers or the Parent have actual knowledge of a breach or default on the part of the Purchaser or the Parent under this Agreement, which breach or default would not reasonably be expected to be known by the Purchaser or the Parent and may prevent or delay any of the foregoing conditions being met, the Sellers shall promptly provide written notice of such breach or default to the Purchaser and the Parent, and the latter Parties shall use commercially reasonable efforts to cure such breach or default as promptly as practicable, and no later than ten (10) calendar days from such notice.

ARTICLE 8
TAX MATTERS

8.1 Proration of Taxes

Sellers shall bear all real property Taxes, personal property Taxes and similar ad valorem obligations levied with respect to the Business, the Purchased Assets and the Assumed Liabilities (individually or in the aggregate) for any taxable period ending on or before the Closing Date irrespective of the reporting and payment dates of such taxes. Liability for real property Taxes, personal property Taxes and similar ad valorem obligations levied with respect to the Business, the Purchased Assets and the Assumed Liabilities (individually or in the aggregate) for a Straddle Period shall be apportioned between the Sellers and the Purchaser (the "**Apportioned Obligations**") based on the number of days of such Straddle Period included in the period ending on and including the Closing Date and the number of days of such Straddle Period included in the period after the Closing Date. The Sellers shall be liable for the proportionate amount of such Apportioned Obligations that is attributable to such pre-Closing portion of such Straddle Period. The Purchaser shall be liable for the proportionate amount of such Apportioned Obligations that is attributable to such post-Closing portion of such Straddle Period. Purchaser shall be responsible for all such Taxes for taxable periods beginning after the Closing Date. With respect to Taxes described in this Section 8.1, Sellers shall timely file all Tax Returns due before the Closing Date with respect to such Taxes and Purchaser shall prepare and timely file all Tax Returns due after the Closing Date with respect to such Taxes. For purposes of allocating all other Taxes ("Non-Apportioned Items") with respect to the Business, Purchased Assets and the Assumed Liabilities for any Straddle Period, such Taxes shall be allocated between the pre-Closing portion of such Straddle Period and the post-Closing portion of such Straddle Period based on an interim closing of the books at the end of the day on the Closing Date. The Sellers shall bear any respective Non-Apportioned Items allocable to the pre-Closing portion of any Straddle Period and any other unpaid Taxes with respect to the Business, Purchased Assets and the Assumed Liabilities for Tax periods ending on or prior to the Closing Date. If one Party remits to the appropriate Governmental Entity payment for Taxes, which are subject to proration under this Section 6.1 and such payment includes the other Party's share of such Taxes, such other Party shall promptly reimburse the remitting Party for its share of such Taxes.

8.2 Cooperation on Tax Matters

(a) The Purchaser and the Sellers agree to use commercially reasonable efforts to furnish, or cause to be furnished to the other upon request, as promptly as practicable, such information (including access to books and records) and assistance relating to the Purchased Assets, the Business, and the Assumed Liabilities as is reasonably necessary for the filing of any Tax Return, the preparation for any Tax audit, or the prosecution or defense of any claim or proceeding relating to any proposed Tax adjustment relating to the Purchased Assets, the Business or the Assumed Liabilities. Without limiting the generality of the foregoing, the Sellers shall provide the Purchaser with a copy of all Tax Returns and Tax records relating to the Purchased Assets. The Purchaser and the Sellers shall keep all such information and documents received by them confidential unless otherwise required by Law. The Purchaser and the Sellers shall cooperate with each other as reasonably necessary to effect the foregoing. The Purchaser and the Sellers agree, upon request by the other, to use their commercially reasonable efforts to obtain any certificate or other document from any Governmental Entity or any other Person as may be necessary to

mitigate, reduce or eliminate any Tax that could be imposed with respect to the transactions contemplated under this Agreement.

(b) The Purchaser and the Sellers agree to retain, or cause to be retained, all books and records pertinent to the Purchased Assets, the Business and the Assumed Liabilities until the applicable period for assessment of Taxes under applicable Law (giving effect to any and all extensions or waivers) has expired and such additional period as necessary for any administrative or judicial proceedings relating to any proposed assessment, and to abide with all record retention agreements entered into with any Governmental Entity relating to Taxes.

8.3 Transfer Taxes

Subject to Section 11.10, the Sellers will pay all transfer, documentary, sales, use, excise, stamp, registration, filing, recordation, valued-added and other similar Taxes and fees that may be imposed or assessed as a result of the sale and purchase of the Purchased Assets pursuant to this Agreement, together with any interest, additions or penalties with respect thereto ("**Transfer Taxes**"). The Sellers shall file any applicable Tax Returns related to Transfer Taxes required by applicable Law to be filed by the Sellers and the Purchaser shall timely and properly file any other Returns related to Transfer Taxes; as required by applicable Law provided, that no such Returns related to Transfer Taxes shall be filed by the Sellers without the consent of the Purchaser or by the Purchaser without the consent of the Sellers (in each case, such consent not to be unreasonably withheld, conditioned or delayed). Each party shall reasonably cooperate with the other party in preparing and filing such Returns.

8.4 Purchase Price Allocation

(a) **Initial Purchase Price.** The Purchaser shall prepare and provide to the Sellers within ninety (90) days after all adjustments to the Purchase Price pursuant to Section 1.10 have been completed in accordance with the terms thereof, a schedule (the "**Purchase Price Allocation Schedule**") allocating the amounts paid and the Liabilities assumed in connection with the transactions contemplated by this Agreement, adjusted as necessary to determine the purchase price of the Purchased Assets hereunder for U.S. federal income tax purposes (the "**Tax Allocation Purchase Price**") among the Purchased Assets. The Purchase Price Allocation Schedule shall be prepared in accordance with the general principles of Section 1060 of the Code and the Treasury Regulations pursuant thereto or any successor provision. Unless the Sellers object to the Purchase Price Allocation Schedule within thirty (30) days after receipt thereof, such schedule shall become final. If a Seller objects to the Purchase Price Allocation Schedule within thirty (30) days of receipt, then the parties shall use commercially reasonable efforts to agree, within thirty (30) days of such Sellers objection to the Purchase Price Allocation Schedule, to an allocation of the Tax Allocation Purchase Price among the Purchased Assets hereunder for U.S. federal income tax purposes that is consistent with the allocation methodology provided by Section 1060 of the Code and the Treasury Regulations promulgated thereunder (the "**Allocation**"). If the Purchaser and the Sellers cannot agree on an appropriate Allocation, they shall submit any disputes to the Independent Auditor. The Independent Auditor shall, within fifteen (15) days of the submission thereto, determine the appropriate final Allocation. The fees, costs and expenses of the Independent Auditor incurred in resolving such dispute shall be paid 50% by the Sellers and 50% by the Purchaser. The Purchaser and the Sellers (and their

respective Affiliates) shall file all Tax Returns in a manner consistent with the final Purchase Price Allocation Schedule or, if applicable, the final Allocation, as ultimately agreed to or as determined by the Independent Auditor, and neither the Purchaser nor the Sellers (nor any of their respective Affiliates) shall take any position (whether in Tax proceedings, on Tax Returns, or otherwise) that is inconsistent with such allocation, except as may be subsequently adjusted pursuant to an audit by the IRS or by a court decision.

(b) **Purchase Price Adjustments.** Thereafter, the Purchaser shall prepare and deliver to the Sellers from time to time a revised proposed Purchase Price Allocation Schedule updated to reflect any adjustments to the Purchase Price pursuant to this Agreement requiring any adjustment to the final Purchase Price Allocation Schedule or, if applicable, the final Allocation (such adjustments shall include, for the avoidance of doubt, payments contemplated in Section 1.7 and Section 1.8 hereof.) Such revised Purchase Price Allocation Schedule shall be subject to the same provisions that govern the initial proposed Purchase Price Allocation Schedule delivered by the Purchaser pursuant to Section 8.4(a).

8.5 Withholding

Purchaser (and any other person that makes a payment on behalf of Purchaser pursuant to this Agreement) will be entitled to withhold from any consideration payable pursuant to this Agreement such amounts required to be withheld from such consideration under the Code or any provision of other applicable Tax Law. To the extent that amounts are so withheld, such withheld amounts will be treated for all purposes of this Agreement as having been delivered and paid to the Person in respect of which such deduction and withholding was made.

ARTICLE 9
INDEMNIFICATION

9.1 Indemnification by the Sellers and the Member

(a) Each of (x) the Sellers, on the one hand and (y) the Member on the other hand, shall jointly and severally indemnify, defend and hold harmless the Purchaser, its Affiliates, and the directors, officers, employees, managers, agents and shareholders of the Purchaser or its Affiliates (collectively the "**Purchaser Indemnified Parties**") from and against any and all Losses, whether arising due to Third Party Claims or otherwise, suffered or incurred by any of the Purchaser Indemnified Parties arising out of, resulting from, based upon, caused by or relating to:

(i) any Excluded Liabilities;

(ii) any misrepresentation or inaccuracy in or breach of any representation or warranty of the Sellers contained in Article 3 of this Agreement or in any Ancillary Document;

(iii) any failure to comply with Laws relating to bulk transfers or bulk sales with respect to the transactions contemplated by this Agreement; or

(iv) any failure by the Sellers to perform or observe, or to have performed or observed, any covenant or agreement of the Sellers set out in this Agreement or any Ancillary Document.

(b) The Member shall indemnify, defend and hold harmless the Purchaser Indemnified Parties from and against any and all Losses, whether arising due to Third Party Claims or otherwise, suffered or incurred by any of the Purchaser Indemnified Parties arising out of, resulting from, based upon, caused by or relating to:

(i) any misrepresentation or inaccuracy in or breach of any representation or warranty of such Member contained in Article 2 of this Agreement or any Ancillary Document; or

(ii) any failure by such Member to perform or observe, or to have performed or observed, any covenant or agreement of such Member set out in this Agreement or any Ancillary Document.

9.2 Indemnification by the Purchaser and the Parent

The Purchaser and the Parent shall jointly and severally indemnify, defend and hold harmless the Sellers and the Member from and against any and all Losses, whether arising due to Third Party Claims or otherwise, suffered or incurred by the Sellers or the Member, as applicable, arising out of, resulting from, based upon, caused by or relating to:

(a) any misrepresentation or inaccuracy in or breach of any representation or breach of any warranty of the Purchaser contained in Article 4 of this Agreement or in any Ancillary Document;

(b) any failure by the Purchaser to perform or observe, or to have performed or observed, any covenant or agreement of the Purchaser set out in this Agreement or any Ancillary Document; and

(c) any Assumed Liabilities.

9.3 Procedures Relating to Indemnification of Claims

(a) Within twenty (20) days after receipt of notice of commencement of any Third Party Claim, the Indemnified Party shall give the Indemnifying Party written notice thereof, provided that if the Indemnified Party fails to give such notice, such failure shall not preclude the Indemnified Party from obtaining indemnification hereunder except to the extent that such delay monetarily prejudiced the Indemnifying Party.

(b) The Indemnifying Party shall have the right to assume and control the defense of the Third Party Claim by counsel and other representatives reasonably satisfactory to the Indemnified Party; *provided*, that the Indemnified Party may participate (but not control) in the defense of any Third Party Claim with counsel of its own choice and at its own expense which expense shall not constitute Losses; *provided*, *further,* that the Indemnifying Party shall not have the right to assume and control the defense of any Third Party Claim if (i) the Indemnifying Party is also a Person against whom the Third Party Claim is made and the Indemnifying Party determines in good faith that joint representation would be inappropriate, (ii) the Indemnifying Party fails to provide reasonable assurance to the Indemnified Party of its financial capacity to defend such Third Party Claim and provide indemnification with respect to such Third Party Claim or, (iii) if such Third Party Claim (A) seeks non-monetary relief, (B) involves criminal or quasi-criminal allegations, (C) is

asserted directly by or on behalf of a Person that is a then-current customer of the Purchaser or its Affiliates, (D) is a Third Party Claim for which the Indemnifying Party does not unconditionally acknowledge in writing its obligation to indemnify and hold the Indemnified Party harmless with respect to such Third Party Claim subject to the limitations and other terms of this Agreement, (E) has Losses estimated by the Purchaser in good faith equal to or greater than twice the maximum amount that could be payable by the Indemnifying Party to the Indemnified Party as an indemnity payment in respect of such Third Party Claim (when taking into account the limitations on indemnification set forth in this Agreement, any other amounts paid for other Claims, and such estimates for Losses for any other then unresolved Claims previously made), or (F) is a Third Party Claim for which the Indemnifying Party fails to take reasonable steps necessary to defend diligently the Third Party Claim within fourteen (14) days after receiving written notice thereof from the Indemnified Party.

(c) The Indemnifying Party, by the thirtieth (30th) day after receipt of notice contemplated in Section 9.3(a) (or, if earlier, by the tenth (10th) day preceding the day on which an answer or other pleading must be served in order to prevent judgment by default in favor of the Person asserting such Third Party Claim), does not elect to defend against such Third Party Claim, the Indemnified Party, upon further notice to the Indemnifying Party, will have the right to undertake the defense, compromise, or settlement of such Third Party Claim on behalf of or for the account and risk of the Indemnifying Party and at the Indemnifying Party's expense.

(d) Notwithstanding anything in this Section 9.3 to the contrary, the Indemnifying Party shall not consent to the entry of any judgment, or enter into any settlement, with respect to any Third Party Claim without the prior written consent of the Indemnified Party, which consent shall not be withheld unreasonably.

(e) The Indemnified Party and the Indemnifying Party shall each defend diligently any Third Party Claim which such Person(s) control and cooperate with all reasonable requests of the other for the purpose of defending against any Third Party Claims, subject to maintaining applicable attorney-client privilege.

(f) An Indemnified Party seeking indemnification in respect of a Direct Claim shall deliver a notice of the Direct Claim to the Indemnifying Party with reasonable promptness after becoming aware of facts supporting such Direct Claim, and shall provide the Indemnifying Party with such information with respect thereto as the Indemnifying Party may reasonably request, provided that if the Indemnified Party fails to give such notice, such failure shall not preclude the Indemnified Party from obtaining indemnification hereunder except to the extent that such delay monetarily prejudiced the Indemnifying Party.

9.4 Limitations on Indemnification; Determination of Breach and Losses

(a) The aggregate maximum liability of the Sellers under this Agreement shall be an amount equal to (i) the Cash Portion, plus (ii) any portion of the Share Balance and the Production Share Balance ultimately paid in cash, plus (iii) any Earn-Out Payment then paid in cash (the "**Sellers Cap**"), *provided* that the Sellers' liability under this Agreement in the event of fraud, gross negligence or intentional breach by the Sellers, or in respect of indemnification pursuant to Section 9.1(a)(i) (or any covenant to provide indemnification

pursuant to Section 9.1(a)(i)) shall be unlimited. The Sellers shall not be required to pay any amount with respect to any individual indemnification claim or series of related indemnification claims that do not, in the aggregate, exceed $50,000, but once such threshold is exceeded, the Sellers shall be required to pay all such claim(s) from the first dollar, provided that such limitation shall not apply in the event of fraud, gross negligence or intentional breach.

(b) The aggregate maximum liability of the Member under this Agreement shall be an amount equal to (i) the Cash Portion, plus (ii) any portion of the Share Balance and the Production Share Balance ultimately paid in Cash, plus (iii) any Earn-Out Payment then paid in cash (the "**Member Cap**"), *provided* that such Member's liability under this Agreement in the event of fraud, gross negligence or intentional breach by such Member, or in respect of indemnification pursuant to Section 9.1(a)(i) (or any covenant to provide indemnification pursuant to Section 9.1(a)(i)) shall be unlimited.

(c) The aggregate maximum liability of the Purchaser under this Agreement; within the limit of the Purchaser Cap, shall be an amount equal to (i) the Sellers Cap, minus (ii) any amounts actually paid by the Purchaser hereunder, *provided* that the Purchaser's liability under this Agreement in the event of fraud, gross negligence or intentional breach, or in respect of indemnification pursuant to Section 9.2(c) (or any covenant to provide indemnification pursuant to Section 9.2(c)) shall be unlimited.

(d) For purposes of determining: (i) whether any misrepresentation or inaccuracy in or breach of any representation or warranty under Section 9.1(a)(ii) has occurred, and (ii) the amount of Losses to which indemnification under Section 9.1(a)(ii) applies, each representation and warranty in this Agreement (including, for the avoidance of doubt and for the purposes of such representation and warranty, any defined term used in such representation and warranty), other than the representations and warranties set forth in Sections 3.18(a) and 3.20(q), shall be read without regard and without giving effect to the term "material" (or derivations of the term "material") or phrases containing the words "Material Adverse Effect" or "material" (or derivations of the term "material") contained in such representation or warranty, or words or phrases of similar meaning (for the avoidance of doubt, dollar thresholds and "Knowledge" qualifiers contained in such representations and warranties shall continue to be considered for all purposes under this Agreement);

(e) From and after the Closing, the indemnification provisions in this Article 9 shall be the sole recourse and exclusive remedy of the Parties and the Purchaser Indemnified Parties under this Agreement, any Ancillary Document, or the Transactions; *provided* that this Section 9.4(e) shall not (a) limit any right of any such Person to seek and obtain specific performance, injunctive relief or any other equitable remedies to which they may be entitled, (b) operate to interfere with or impede the operation of the provisions of Section 1.10 and (c) no limitation or condition of liability provided in this Article 9 shall apply to any Action arising from fraud, gross negligence or intentional breach. Each of the Purchaser Indemnified Parties are express third party beneficiaries of this Article 9.

(f) Except for the Fundamental Representations, all representations and warranties provided by the Sellers or the Member in this Agreement shall expire on the date which is eighteen (18) months after the Closing Date, provided that the representations and warranties made in Section 3.7 (Condition of Assets) shall expire on the date of payment in full of the

Production Share Balance. All Fundamental Representations shall survive for twenty years following the Closing Date; provided, however, that the Fundamental Representations set out in Section 3.14 shall survive until the date that is 90 days after the expiry of the applicable statute of limitations. Each of the covenants and agreements of the Parties set forth in this Agreement shall survive until performed in accordance with their respective terms.

(g) Notwithstanding the limitations set out herein, any Action which is based on the fraud or intentional breach may be brought at any time.

(h) An Indemnified Party may not benefit, directly or indirectly, from a double recovery of Losses under the indemnification provisions of this Agreement.

The Purchaser shall have the right to reduce the Earn-Out Payments by any amount owed by the Sellers or any Member, as applicable, to the Purchaser pursuant to this Article 9 or pursuant to Section 1.10(c) as of the date that any Earn-Out Payment is payable, and may hold back from the payment of the Earn-Out Payment the Purchaser's good faith estimate of the amount of Losses the Purchaser is reasonably likely to incur in respect of any Claims that have been made hereunder by the Purchaser but are then unresolved as of the date such payment is due. Upon the final resolution of any such Claim, the Purchaser shall pay to the Sellers an amount equal to (i) the estimate of Losses in respect of such Claim which previously acted to reduce the Earn-Out Payment, minus (ii) the Losses suffered or incurred by the Purchaser Indemnified Parties in respect of such Claim.

ARTICLE 10
PARENT GUARANTEE

(a) The Parent hereby absolutely, unconditionally and irrevocably guarantees, as primary obligor, to the Sellers the obligations of the Purchaser under the terms of this Agreement.

(b) The liability of the Parent under the guarantee contemplated by this Article 10 (the "**Guarantee**") is absolute and unconditional and the Guarantee shall be binding upon the Parent and its successors and assigns, subject to any set-off the Corporation may have against a Seller hereunder or otherwise, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected by, any circumstance or condition whatsoever (whether or not the Parent shall have any knowledge or notice thereof) which might otherwise constitute a legal or equitable discharge or defense of a guarantor or surety, including insolvency or bankruptcy; provided that any claim hereunder against the Parent shall be subject to, and the Parent shall have available to it in defense of any such claim, any and all of the Purchaser's rights and defenses, whether arising under the Agreement or otherwise, in respect of any such claim other than any defense based on the insolvency or bankruptcy of the Purchaser.

(c) To the extent of any payment by the Parent to a Seller hereunder, the Parent shall succeed to all corresponding claims that the Seller may have and otherwise shall be subrogated to the rights of the Seller against the Purchaser in respect thereof.

(d) The Sellers shall not be bound to exhaust their recourse against the Purchaser or any other person before being entitled to payment or performance under the Guarantee and the Parent renounces all benefits of discussion and division.

ARTICLE 11
MISCELLANEOUS

11.1 Entire Agreement; Rights Cumulative

This Agreement and the Ancillary Documents set forth the entire agreement of the Parties with respect to the subject matter hereof and supersede all prior agreements, arrangements, communications, representations and warranties, either oral or written, by the Parties or any representative of the Parties with respect to the subject matter hereof or thereof, including the letter of intent entered into by the Sellers and Neptune Wellness Solutions Inc., dated March 27, 2019, as amended, and the non-disclosure agreement entered into by the Sellers and Neptune Wellness Solutions Inc., each of which are hereby terminated. The rights and remedies under this Agreement are cumulative and none is exclusive of any other, or of any rights or remedies that any Party may otherwise have at law or in equity.

11.2 Binding Effect; Third Party Beneficiaries

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, legal representatives, successors and permitted assigns. Subject to Section 9.4(e), nothing in this Agreement shall confer any rights upon any Person or entity other than the Parties and their respective heirs, legal representatives, successors and permitted assigns.

11.3 Good Faith

The Parties shall govern themselves and exercise their rights and discharge their obligations under this Agreement in good faith.

11.4 Severability

If any provision, including any word, phrase, sentence, clause, section or subsection, of this Agreement is deemed invalid, inoperative or unenforceable under applicable Law for any reason, such provision shall be deemed and treated by the Parties to be in effect to the fullest extent permitted by applicable Law, and such circumstances shall not have the effect of rendering such provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision herein contained invalid, inoperative, or unenforceable to any extent whatsoever.

11.5 Currency

Unless otherwise specified, all payments made pursuant to this Agreement shall be in dollars of the United States of America and all references to dollar amounts in this Agreement shall be to dollars of the United States of America. Whenever conversion of values from Canadian dollars to dollars of the United States of America shall be required, such conversion shall be made using the Exchange Rate from the Business Day immediately preceding the applicable calculation date.

11.6 Amendments

Neither this Agreement nor any provision hereof shall be amended, modified, changed, discharged, waived or terminated except by an instrument in writing signed by each of the Parties or, in the case of a waiver, the Party waiving any right hereunder.

11.7 Additional Documents

In connection with the Transactions, the Parties agree to execute such additional documents and papers and to perform and do such additional acts and things as may be reasonably requested by another Party to transfer the Purchased Assets to the Purchaser and otherwise effectuate and carry out the Transactions.

11.8 Waiver

No delay or omission on the part of either of the Parties in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion, or any other right hereunder.

11.9 Assignment

The Purchaser shall be entitled to assign all of their rights and obligations under this Agreement to any Affiliate of the Purchaser, or to a secured lender of the Purchaser pursuant to the terms of a secured loan entered into by the Purchaser or one or more if its Affiliates. In such case, such assignee shall have and may exercise all the rights, and shall assume all of the obligations, of the Purchaser under this Agreement, except that such assignment shall not release the Purchaser from liability for their obligations under this Agreement. Except for such permitted assignment, no Party may assign this Agreement or any of the benefits, rights or obligations under this Agreement or enter into any participation agreement with respect to the benefits or obligations under this Agreement without the prior written consent of the other Parties, which consent shall not be unreasonably withheld.

Notwithstanding any other provision of this Agreement, the Sellers and the Member may proceed to a reorganization of their corporate structure provided that (i) the Member remains the sole beneficial holder of all voting and equity interests in the entities resulting from such reorganization, (ii) the entities resulting from such reorganization intervene to this Agreement and assume the ongoing obligations of a Seller, (iii) the Parent provides its prior written consent to such reorganization, which consent shall not be unreasonably be withheld.

11.10 Expenses

Except as otherwise provided in this Agreement, each Party shall pay all costs and expenses (including any broker's or finder's fees, the expenses of its representatives and the disbursements of legal counsel and other advisers) it incurs in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated by this Agreement; provided, however that the Purchaser and the Sellers will share equally in the documented costs and expenses of the Sellers and their members related to the preparation of the BAR-Compliant Financial Statements required and requested by Purchaser, subject to a maximum of $50,000 in such costs and expenses (excluding taxes) being payable by the Sellers. For greater certainty, subject to the payment of the above costs and expenses related to the BAR-Compliant Financial Statements as provided above, the Sellers and the Member shall not have any responsibility for the costs and expenses of the Parent and the Purchaser in completing a financing.

11.11 Fees in the Event of an Action

Unless otherwise specified herein, in the event of any Direct Claim by any Party arising under or out of, in connection with this Agreement and/or the Transactions, the prevailing Party of any Action in respect of such Direct Claim shall be entitled to be paid by the losing Party reasonable attorney fees and any other advisory fees, costs and expenses incurred in such Action as "Losses" hereunder, subject to any limits of liability contained herein.

11.12 Counterparts

This Agreement may be executed by the Parties in counterparts and the counterparts may be executed and delivered by electronic means, with all counterparts together constituting one agreement.

11.13 Governing Law

This Agreement and all disputes or controversies arising out of or relating to this Agreement or the transactions contemplated hereby shall be governed by, and construed in accordance with, the internal Laws of the State of Delaware, without regard to the Laws of any other jurisdiction that might be applied because of the conflicts of Laws principles of the State of Delaware. The Parties agree to administer this Agreement in English.

11.14 Arbitration

All disputes, Claims, controversies, disagreements and Actions relating to this Agreement and any of the Ancillary Documents (each, a "**Dispute**") shall be fully and finally settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "**AAA**") (as such rules are amended from time to time), except to the extent that such rules are inconsistent with this Section 11.14. For the avoidance of doubt, any Dispute that arises under Section 1.10 shall be governed by the terms of Section 1.10. The arbitration procedure shall be as follows:

(a) for a period of ten (10) days from the date a notice setting out a Dispute (a "**Arbitration Notice**") is delivered by any one Party to any other Party or Parties, the Parties shall in good faith attempt to resolve such Dispute, and if the Parties are unable to reach agreement on such Dispute within such ten (10) day period, the Dispute shall be resolved by binding arbitration upon the written submission of such Dispute by any such Party to the AAA (the "**AAA Notice**") within seven (7) days following such ten (10) day period;

(b) the arbitration tribunal shall consist of one AAA arbitrator who is qualified by education and training to pass upon the particular matter(s) to be decided. Such arbitrator shall be appointed by mutual agreement of the Parties within ten (10) Business Days of the submission of the AAA Notice or, in the event of the failure to agree within such delay, any Party may request that the arbitrator be chosen by and in accordance with the Commercial Arbitration Rules of the AAA;

(c) the arbitrator shall resolve the Dispute contained in the Arbitration Notice pursuant to the Commercial Arbitration Rules of the AAA, except to the extent such rules are inconsistent with this Section 11.14;

(d) the arbitration tribunal shall be instructed that time is of the essence in proceeding with his determination of the matter to be decided and, in any event, the arbitration award must be rendered by the arbitration tribunal in writing within sixty (60) days of the submission of such Dispute to arbitration;

(e) the arbitration shall take place in New York, New York;

(f) the language to be used in the arbitral proceedings shall be English;

(g) the hearing and any other proceedings of the arbitration shall be held in private and, except with the consent of the parties, and subject to the discretion of the arbitration tribunal to exclude witnesses, no persons shall attend or be present at any arbitration hearing or other proceeding who are not representatives of the parties, their legal counsel or witnesses, including expert witnesses;

(h) the arbitration award shall be given in writing and shall be final and binding upon the Parties, not subject to any appeal, and shall deal with the question of costs of arbitration, including the determination of which party shall bear them or in what proportion they should be borne by them, and all matters related thereto; and

(i) judgment upon the award rendered may be entered in any court having jurisdiction, or, application may be made to such court for a judicial recognition of the award or an order of enforcement thereof, as the case may be.

11.15 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by facsimile or e-mail:

(a) in the case of a notice to the Sellers at:

Sugarleaf Labs, LLC
408 S. McLin Creek Road
Conover, NC 28613
Attention: President and Chief Executive Officer
E-mail: pete@sugarleaflabs.com

and;

Forest Remedies LLC
408 S. McLin Creek Road
Conover, NC 28613
Attention: President and Chief Executive Officer
E-mail: galloway@forestremedies.com

with a copy to:

FH+H PLLC
1751 Pinnacle Drive, Suite 1000
McLean, VA 22102
Attention: Jennifer Huber
E-mail: jhuber@fhhfirm.com

(b) in the case of a notice to the Member at:

Peter M. Galloway
408 S. McLin Creek Road
Conover, NC 28613
Email: petermgalloway@me.com

(c) in the case of a notice to the Purchaser at:

Neptune Wellness Solutions Inc.
100-545 Promenade du Centropolis
Laval, Québec, Canada, H7T 0A3
Attention: Jean-Daniel Bélanger
E-mail: j-d.belanger@neptunecorp.com

with a copy to:

Osler, Hoskin & Harcourt LLP
1000 De La Gauchetière Street West, Suite 2100
Montreal, Quebec, Canada, H3B 4W5
Attention: Francois Paradis

Facsimile: (514) 904-8101
E-mail: fparadis@osler.com

ARTICLE 12
DEFINITIONS AND INTERPRETATION

12.1 Definitions

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

"**12MR Adjusted EBITDA Statement**" has the meaning set forth in Section 1.7.

"**AAA**" has the meaning set forth in Section 11.14.

"**AAA Notice**" has the meaning set forth in Section 11.14.

"**Accounts Payable**" means the aggregate sum of all amounts owing to a Third Party as of immediately prior to the Closing, which are incurred by the Sellers in connection with the purchase of goods or services.

"**Accounts Receivable**" means the aggregate sum of all work in progress, accounts receivable, refunds, rebates, bills receivable, trade accounts, book debts and insurance claims due, owing or accruing to the Sellers as of immediately prior to the Closing, including those relating to the Purchased Assets and those amounts recorded as receivable in the books and records of the Sellers and any other amounts due or deemed to be due to the Sellers.

"**Action**" means any judicial, regulatory, administrative, arbitral or mediation investigations, actions, suits, claims, inquiries, audits or proceedings (public or private) by or before a Governmental Entity or private arbitrator or mediator, or any similar proceeding, including appeals and applications for review in respect of any of the foregoing.

"**Adjusted EBITDA**" means, for any measurement period, the sum of the following determined on a consolidated basis, without duplication, for the Business of the Purchaser:

(a) net income determined in accordance with IFRS for such period; plus

(b) the sum of the following to the extent deducted in determining net income for such measurement period:

(i) income tax expense,

(ii) interest expense,

(iii) depreciation expense,

(iv) amortization expense; and

(v) the amount of all non-recurring expenses, claims or expenses not related to the Business, fees, costs and charges incurred in connection with the Agreement to the extent not capitalized.

Adjusted EBITDA shall be calculated for the Business as carried out by the Purchaser, it being understood that such Business may evolve or grow beyond its current definition, and that the Adjusted EBITDA shall be calculated on such Business carried out by the Purchaser as it may evolve or grow over time during the Earnout Period.

"**Adjusted Threshold EBITDA**" has the meaning set forth in Section 1.5.

"**Affiliate**" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person.

"**Agreement**" has the meaning set forth in the preamble to this Agreement.

"**Allocation**" has the meaning set forth in Section 8.4.

"**Ancillary Documents**" means the Bill of Sale, the Assignment Agreement, Non-Competition Agreement, Lock-Up Agreement, all employment contracts entered into pursuant to Section 6.12, and the Employment Agreements.

"**Applicable Privacy Laws**" means all applicable local, provincial, state and federal and foreign privacy Laws, anti-spam Laws, and data protection and breach notification Laws.

"**Apportioned Obligations**" has the meaning set forth in Section 8.1.

"**Arbitration Notice**" has the meaning set forth in Section 11.14.

"**Assignment Agreement**" means the assignment agreement, in the form attached hereto as Exhibit B.

"**Assumed Contracts**" has the meaning set forth in Section 1.1(a).

"**Assumed Liabilities**" has the meaning set forth in Section 1.3.

"**Bank Rate**" means the minimum rate at which the Bank of Canada is prepared to make loans or advances, as published by it from time to time.

"**BAR-Compliant Financial Statements**" means, at any point of determination, annual financial statements (and audit reports thereon) and interim financial statements of the Sellers in respect of the Purchased Assets and the Business which comply with Part 8 of National Instrument 51-102 – Continuous Disclosure Obligations.

"**Benefit Plans**" has the meaning set forth in Section 3.16(k).

"**Bill of Sale**" means the bill of sale and assignment and assumption agreement, in the form attached hereto as Exhibit A.

[REDACTED]

"**Business**" has the meaning set forth in Section A of the Recitals.

"**Business Day**" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in Montreal, Quebec or Conover, North Carolina.

"**Cash Portion**" has the meaning set forth in Section 1.5.

"**Cash Portion Balance**" has the meaning set forth in Section 1.5.

"**Change in Control Plan**" means the change in control bonus plan of the Sellers dated May 7, 2019.

"**Claim**" means a Direct Claim or a Third Party Claim.

"**Closing**" means the completion of the sale to and purchase by the Purchaser of the Purchased Assets under this Agreement.

"**Closing Date**" means the date that is five (5) Business Days after the satisfaction or waiver of the last of the closing conditions set out in this Agreement.

"**Closing Statement**" has the meaning set forth in Section 1.10(b).

"**Closing Time**" means 8:00 o'clock a.m. (Montreal time), on the Closing Date or such other time on such date as the Parties may agree in writing as the time at which the Closing shall take place.

"**Closing Working Capital**" has the meaning set forth in Section (c).

"**Common Shares**" means common shares in the share capital of the Parent.

"**Consultant**" means any Person who provides or has provided his, her or its services to the Sellers on an independent contractor basis.

"**Contracts**" means contracts, licenses, leases, agreements, obligations, undertakings, understandings, arrangements, warranties, guarantees, commitments, entitlements or engagements (in each case, whether written or oral, express or implied), and includes any quotations, orders, proposals or tenders which remain open for acceptance;

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Direct Claim**" means a claim from an Indemnified Party for indemnification under this Agreement in respect of, arising out of or involving a Loss or a claim or demand hereunder that does not involve a Third-Party Claim being asserted against or sought to be collected from such Indemnified Party.

"**Dispute**" has the meaning set forth in Section 11.14.

"**Earn-Out Payments**" has the meaning set forth in Section 1.8(a)(iii).

"**Earnout Period**" has the meaning set forth in Section 1.8(a)(iii).

"**Earnout Statement**" has the meaning set forth in Section 1.9(a).

"**Employee Costs**" means notice of termination, termination pay, severance pay and other costs, liabilities and obligations including entitlement to benefit coverage, stock options or incentive compensation whether due under contract, statute, common law or otherwise relating to the Employees or Consultants who are not offered employment or who do not accept employment with the Purchaser or an Affiliate of the Purchaser following Closing.

"**Employee Liabilities**" has the meaning set forth in Section 1.4(e).

"**Employees**" means individuals who are or have been employed by the Sellers, on a full-time, part-time or temporary basis, including those employees of the Sellers on disability leave, parental leave or other absence.

"**Employment Agreements**" has the meaning set forth in Section 6.12.

"**Encumbrance**" means any liability, obligation, claim, charge, lease, covenant, easement, hypothec, mortgage, encumbrance, security interest, lien, tax lien, option, pledge, rights of others, or other restriction (and whether on voting, sale, transfer, disposition or otherwise), whether imposed by agreement, understanding, Law, equity or otherwise (and whether accrued, absolute, contingent or otherwise).

"**Enforceability Exception**" has the meaning set forth in Section 2.1.

"**Environmental Laws**" means all applicable United States or foreign federal, provincial, state or municipal statutes, Laws (including the common law), ordinances, regulations or by-laws relating in whole or in part to the environment.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**ERISA Affiliate**" means any entity that would be considered part of a controlled group or commonly controlled group of trades or businesses that includes the Sellers under Section 414 of the Code or Title IV of ERISA.

"**Estimated Working Capital**" has the meaning set forth in Section 1.10(a).

"**Estimated Working Capital Statement**" has the meaning set forth in Section 1.10(a).

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC thereunder.

"**Exchange Rate**" means the daily average closing rate of exchange for conversion of one Canadian dollar to one dollar of the United States of America as reported by the Bank of Canada.

"**Financial Statements**" has the meaning set forth in Section 3.17.

"**First Earn-Out Payment**" has the meaning set forth in Section 1.8(a)(i).

"**First Earn-Out Period**" has the meaning set forth in Section 1.8(a)(i).

"**Forest**" has the meaning set forth in the preamble this Agreement.

"**Fundamental Representations**" means the representations and warranties set out in Article 2, Sections 3.1, 3.2, 3.3, 3.4, 3.5, 3.23 and 3.24 and Article 4 (other than Section 4.3).

"**GAAP**" means United States generally accepted accounting principles.

"**Governmental Authorizations**" means any authorizations, approvals, including any environmental authorizations, franchises, certificates, consents, directives, notices, licenses, permits, variances, registrations, any requirements or authorizations set forth in any Order, or other rights issued by or from any Governmental Entity.

"**Governmental Entity**" means any government or any agency, bureau, board, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether federal, provincial, state or local, domestic or foreign.

"**Guarantee**" has the meaning set forth in Article 10.

"**Hazardous Substances**" means pollutants, contaminants, wastes of any nature, hazardous substances, hazardous materials, toxic substances, prohibited substances, dangerous substances or dangerous goods as defined, judicially interpreted or identified in any Environmental Laws including asbestos, asbestos containing materials, mould, microbial organisms or substances related thereto;

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board.

"**Indebtedness**" of any Person means, without duplication, (a) the unpaid principal of and accrued interest or premium (if any) in respect of (i) indebtedness of such Person for money borrowed, (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable, and (iii) advances made to such Person; (b) the principal portion of all leases of such Person required to be capitalized in accordance with GAAP/IFRS; (c) obligations of such Person in respect of any letters of credit or bankers' acceptances (solely to the extent drawn); (d) obligations of such Person arising under any hedging or swap arrangements; and (e) all obligations of the type referred to in clauses (a) through (d) of other Persons for the payment of which such Person is responsible or liable, directly or indirectly, as obligor, Parent, surety or otherwise, including guarantees of such obligations.

"**Indemnified Party**" means, in respect of any Claim, any Person that may be entitled to indemnification under this Agreement in respect of such Claim.

"**Indemnifying Party**" means, in respect of any Claim, any Person that may be obligated to provide indemnification under this Agreement in respect of such Claim.

"**Independent Auditor**" means one of the recognized "Big 4" auditing firms in Canada (other than KPMG) or such other independent auditing firm as the Parties may otherwise agree.

"**Information Technology**" means computer hardware, software in source code and object code form (including documentation, interfaces and development tools), websites for the Business, databases, telecommunications equipment and facilities and other information technology systems owned, used or held by the Sellers for use in or relating to the Business.

"**Initial Cash Portion**" has the meaning set forth in Section 1.5.

"**Intellectual Property**" means intellectual property rights, whether registered or not, owned, used or held by the Sellers for use in or relating to the Business or the Purchased Assets, including, but not limited to:

(i) inventions, pending patent applications (including divisional, reissues, renewals, re-examinations, continuations, continuations-in-part and extensions) and issued patents, including those inventions, pending patent applications and issued patents;

(ii) business names, trademarks, trade dress, trade-names, domain names and other indicia of origin;

(iii) copyrights, including the copyright registrations and applications; and

(iv) industrial designs and similar rights, including those registrations and applications.

"**IRS**" means the U.S. Internal Revenue Service.

"**Key Employee Employment Agreements**" means the employment contracts with the Purchaser or an Affiliate of the Purchaser with each of the Key Employees on terms and conditions mutually acceptable to the Purchaser and the Key Employees.

"**Key Employees**" means Peter M. Galloway, Tod Coles, Adam Stockman, Lee Moritz and Mike Carlsen.

"**Knowledge of the Sellers**" means the knowledge of the Member(s) and the Key Employees, after reviewing all relevant records and making due inquiries regarding the relevant matter of all relevant officers, directors and employees.

"**Laws**" means all laws (including common law and civil law), statutes, by-laws, rules, regulations, Orders, ordinances, protocols, codes, guidelines, treaties, policies, notices, directions, decrees, judgements, awards or requirements, in each case of any Governmental Entity or supranational entity, body, organ, authority or court;

"**Leased Real Property**" means lands and/or premises which are used by the Sellers and which are leased, subleased, licensed to or otherwise occupied by the Sellers.

"**Leased Real Property Leases**" means Contracts pursuant to which the Sellers use or occupies the Leased Real Property.

"**Liability**" means any direct or indirect liability, indebtedness, guarantees, obligation, expenses, costs, loss, damages or deficiencies, whether absolute or contingent, accrued or unaccrued, known or unknown, due or to come due, liquidated or unliquidated, asserted or unasserted, or otherwise.

"**Lock-Up Agreement**" means the lock-up agreement to be entered into on the Closing Date made by the Sellers and the Member in favour of the Parent in the form attached hereto as Exhibit C.

"**Loss**" means any Action, cost, expense, claim, fine, damage, disbursement, expense, Liability, loss, deficiency, diminution in value, obligation, penalty or settlement of any kind or nature, whether foreseeable or unforeseeable, including but not limited to, interest or other carrying costs, penalties, reasonable legal, accounting, audit, consultant, testing and other professional fees and expenses incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement.

"**Material Adverse Effect**" means any change, circumstance, development, event, state of facts occurrence or Law that, when considered either individually or in the aggregate together with all other adverse change, circumstance, development, event, state of facts occurrence or Law, is or could reasonably be expected to be materially adverse to the current or future business, condition (financial or otherwise), assets, operations, results of operations, liabilities (contingent or otherwise) or prospects of the Sellers or the Business.

"**Material Contracts**" has the meaning set forth in Section 3.20.

"**Material Customers**" has the meaning set forth in Section 3.22(a).

"**Material Vendors**" has the meaning set forth in Section 3.22(b).

"**Member Cap**" has the meaning set forth in Section 9.4(b).

"**Member**" means Peter M. Galloway.

"**Most Recent Balance Sheet**" means the unaudited balance sheet of each of the Sellers as of March 31, 2019;

"**NASDAQ**" means the NASDAQ Stock Market.

"**Non-Competition Agreement**" means the non-competition/non-solicitation agreements entered into by each of Sellers and the Member, in the form attached hereto as Exhibit D.

"**Objection Notice**" has the meaning set forth in Section 1.11(a).

"**Orders**" means orders, injunctions, judgments, administrative complaints, decrees, rulings, awards, assessments, directions, instructions, penalties or sanctions issued, filed or imposed by any Governmental Entity or arbitrator.

"**Organizational Documents**" means, with respect to an entity, its (a) certificate of incorporation, articles of incorporation, certificate of formation, certificate of limited partnership, articles of association, memorandum of association, certificate of trust, or similar document and (b) bylaws, trust agreement, partnership agreement, limited partnership agreement, limited liability company agreement or operating agreement, or similar document, as applicable.

"**Outside Date**" means October 31, 2019.

"**Outstanding Consent**" has the meaning set forth in Section 1.14.

"**Ownership Percentage**" has the meaning set forth in Section 3.2(b).

"**Parent's Public Disclosure Record**" means all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) filed by the Parent with any securities authority since April 1, 2018 that are available to the public on the System for Electronic Document Analysis and Retrieval (SEDAR) or the Electronic Data Gathering, Analysis, and Retrieval system (EDGAR).

"**Party**" means any Person signatory hereto and "**Parties**" means such Persons collectively.

"**Permitted Encumbrances**" means any Encumbrance that is: (i) for or relating to personal property taxes and assessments not yet due and payable, (ii) for worker's, carrier's, mechanic's, materialman's and similar Encumbrances incurred in the ordinary course for sums not constituting borrowed money, that are not overdue, (iii) immaterial in character, amount and extent, and which do not detract from the value of or interfere with the present or proposed use of the properties they affect, and (iv) the UCC liens listed on Schedule 3.4 that will be released and discharged within five (5) Business Days of the Closing Date, at the sole cost and expense of the Sellers.

"**Person**" means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Entity, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative.

"**PII**" means personally identifiable information and includes all information about an identifiable individual and all information which can be used to distinguish or trace an individual's identity,

whether such information is used independently or when it is combined with other personal or identifying information that is linked or linkable to a specific individual.

"**Prepaid Expenses**" means the aggregate sum of all prepaid expenses, deposits, prepaid insurance premiums and prepaid lease payments.

"**Production Share Balance**" has the meaning set forth in Section 1.5.

"**Purchased Assets**" has the meaning set forth in Section 1.1.

"**Purchase Price**" has the meaning set forth in Section 1.6.

"**Purchaser**" has the meaning set forth in the preamble this Agreement.

"**Purchaser Cap**" has the meaning set forth in Section 1.8(c).

"**Purchaser Indemnified Parties**" has the meaning set forth in Section 9.1.

"**Purchase Price Allocation Schedule**" has the meaning set forth in Section 8.4.

"**Release**" has the meaning prescribed in any Environmental Law and includes any release, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction, whether accidental or intentional;

"**Schedule**" or "**Schedules**" refer to a Section or Sections of the Disclosure Schedule, dated as of the date hereof, delivered by the Sellers to the Purchaser.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Second Earn-Out Payment**" has the meaning set forth in Section 1.8(a)(ii).

"**Second Earn-Out Period**" has the meaning set forth in Section 1.8(a)(ii).

"**Sellers**" has the meaning set forth in the preamble to this Agreement.

"**Sellers Cap**" has the meaning set forth in Section 9.4(a).

"**Share Balance**" has the meaning set forth in Section 1.5.

"**Straddle Period**" means any taxable period that includes but does not end on the Closing Date.

"**Subsidiary**" means, with respect to any Person, any other Person (other than a natural person), whether incorporated or unincorporated, of which at least a majority of the securities or ownership interests having by their terms ordinary voting power to elect a majority of the board of directors or other persons performing similar functions, is directly or indirectly owned or controlled by such first Person or by one or more of its respective Subsidiaries or by such first Person and any one or more of its respective Subsidiaries.

"**Sugarleaf**" has the meaning set forth in the preamble this Agreement.

"**Tangible Assets**" means machinery, equipment, furniture, furnishings, office equipment, computer hardware, supplies, materials, vehicles, material handling equipment, implements, parts, tools, jigs, dies, moulds, patterns, tooling and spare parts and tangible assets (other than Leased Real Property) owned or used or held by the Sellers, including (i) any of the foregoing which are in storage or in transit; (ii) other tangible personal property of the Sellers whether located in or on the Leased Real Property or elsewhere; and (iii) the assets listed in Schedule 1.1(c).

"**Target Working Capital**" means **[REDACTED]**.

"**Tax**" means (i) any federal, state, provincial, local or non-U.S. income, alternative minimum, add-on minimum, personal holding company, franchise, profits, windfall profits, gross receipts, capital gains, business, business occupancy, gift, estate, net worth, sales, goods and services, harmonized sales, use, value-added, premium, transfer, registration, stamp, excise, escheat, natural resources, environmental, customs, duty, severance, real property, real property gains, personal property, capital stock, ad valorem, license, employment, occupation, payroll, social security, unemployment, disability, workers' compensation, license, employee or other withholding, estimated or other similar tax, assessment, fee, tariff, duty, deficiency, levy or other governmental charge of any kind whatever or any related amount, whether disputed or not, or pension plan premiums or contributions to any Governmental Entity, including, in each case, any interest, penalties or additions to tax or additional amounts imposed, assessed or collected by any Taxing Authority or under the authority of any Governmental Entity in respect of the foregoing and (ii) any liability with respect to any items in clause (i) above payable by reason of contract, assumption, transferee or successor liability, operation of law or otherwise, including any liability for the payment of any amounts in clause (i) as a result of being a member of an affiliated, consolidated, combined, unitary or aggregate group, and any liability for the payment of any amount as a result of being a party to a tax sharing agreement or as a result of any obligation to indemnify any other person with respect to the payment of any amount described in clause (i) or this clause (ii).

"**Tax Allocation Purchase Price**" has the meaning set forth in Section 8.4.

"**Tax Return**" means any return, declaration, report, form, claim for refund, disclosure, notice, information return or statement or other document relating to Tax, including any schedule or attachment thereto, and including any amendment thereof.

"**Technical Information**" means know-how and related technical knowledge owned, used or held by any of the Sellers for use in or relating to the Business, including:

(i) trade secrets, confidential information and other proprietary know-how;

(ii) public information and non-proprietary know-how;

(iii) information of a scientific, technical, financial or business nature regardless of its form;

(iv) uniform resource locators, telephone, telecopy, internet protocol and email addresses, and UPC consumer packaging codes; and

(v) documented research, forecasts, studies, marketing plans, budgets, market data, developmental, demonstration or engineering work, information that can be used to define a design or process or procure, produce, support or operate material and

equipment, methods of production and procedures, all formulas and designs and drawings, blueprints, patterns, plans, flow charts, parts lists, manuals and records, specifications, and test data.

"**Technology**" means Intellectual Property, Technical Information and Information Technology.

"**Third Earn-Out Period**" has the meaning set forth in Section 1.8(a)(iii).

"**Third Earn-Out Payment**" has the meaning set forth in Section 1.8(a)(iii).

"**Third Party**" means a Person that is not a Party to this Agreement.

"**Third Party Claim**" means the assertion, whether orally or in writing, against an Indemnified Party of an Action brought by a Third Party against the Indemnified Party that is based on, arises out of, or relates to a subject matter that, if determined adversely to the Indemnified Party (regardless of the eventual outcome of such Action), would result in a claim for indemnification of Losses.

"**Transactions**" means the transactions contemplated by this Agreement and the Ancillary Documents.

"**Transfer Taxes**" has the meaning set forth in Section 8.3.

"**TSX**" means the Toronto Stock Exchange.

"**WARN Act**" means the U.S. Worker Adjustment and Retraining Notification Act of 1988.

"**Working Capital**" means, without duplication and at any time, the amount by which the current assets included in the Purchased Assets exceed the current liabilities included in the Assumed Liabilities, calculated in accordance with the same accounting principles and on a consistent basis.

12.2 Certain Rules of Interpretation

In this Agreement:

(a) **Articles, Sections and Headings** – The division of this Agreement into Articles, Sections and Schedules and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder", "herein" and similar expressions refer to this Agreement and not to any particular Article, Section, Schedule or other portion hereof. References herein to Articles, Exhibits, Sections or Schedules are to Articles, Exhibits, Sections and Schedules of this Agreement or of the Schedules hereto unless otherwise expressly stated herein.

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

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

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

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

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

(g) **Time Periods** – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

[Signature pages follow.]

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

PURCHASER

NEPTUNE ACQUISITION USA, INC.

By: ***(signed) Jim Hamilton***
Name : Jim Hamilton
Title: President & CEO

(signed) Mario Paradis
By: Name : Mario Paradis
Title: VP & CFO

PARENT

NEPTUNE WELLNESS SOLUTIONS INC.

By: ***(signed) Jim Hamilton***
Name : Jim Hamilton
Title: President & CEO

(signed) Mario Paradis
By: Name : Mario Paradis
Title: VP & CFO

SELLERS

SUGARLEAF LABS LLC

By : ***(signed) Peter M. Galloway***
Name : Peter M. Galloway
Title: Member Manager

FOREST REMEDIES LLC

By : ***(signed) Peter M. Galloway***
Name : Peter M. Galloway
Title: Member Manager

MEMBER

(signed) Peter M. Galloway
Peter M. Galloway