

ARRANGEMENT AGREEMENT

among

SIGMA INDUSTRIES INC.

and

NANOXPLORE INC.

and

10854611 CANADA INC.

Dated July 3, 2018

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ARRANGEMENT AGREEMENT

THIS AGREEMENT dated the 3rd day of July 2018

AMONG:

SIGMA INDUSTRIES INC.,

a corporation existing under the
Canada Business Corporations Act,

(hereinafter referred to as "**Sigma**")

- and -

NANOXPLORE INC.,

a corporation existing under the
Canada Business Corporations Act,

(hereinafter referred to as "**NanoXplore**")

- and -

10854611 CANADA INC.

a corporation existing under the
Canada Business Corporations Act,

(hereinafter referred to as "**SubCo**")

RECITALS:

WHEREAS the board of directors of Sigma (the "**Sigma Board**") has unanimously determined, upon recommendation of the Special Committee, that the business combination to be effected by way of the Plan of Arrangement is advisable and in the best interest of Sigma, the Sigma Shareholders and that, on the basis of an opinion from its financial advisors, the Arrangement Consideration is fair, from a financial point of view, to the Sigma Shareholders;

AND WHEREAS the Sigma Board has approved the transactions contemplated by this Arrangement Agreement and unanimously determined to recommend approval of the Arrangement Resolution to the Sigma Shareholders;

AND WHEREAS the board of directors of NanoXplore (the "**NanoXplore Board**") has unanimously determined that the business combination to be effected by way of the Plan of Arrangement is advisable and in the best interest of NanoXplore and of the NanoXplore Shareholders;

AND WHEREAS Sigma and NanoXplore intend that the proposed business combination be effected by way of a Plan of Arrangement under the provisions of the *Canada Business Corporations Act*, and in furtherance of such business combination, the Sigma Board has agreed to submit the Arrangement Resolution and the sale of the Sigma Debentures to the Sigma Shareholders and the Court for approval;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the Parties, the Parties hereby agree as follows:

ARTICLE 1

DEFINITIONS, INTERPRETATION AND SCHEDULES

1.1 Definitions

In this Arrangement Agreement, unless the context otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the meanings ascribed to them below:

- (a) "**Acquisition Proposal**" means, other than the transactions contemplated by this Arrangement Agreement and in respect of a Principal Party, any *bona fide* proposal or offer, or public announcement of an intention to make a proposal or offer, to a Principal Party or its securityholders, made after the date of this Arrangement Agreement by any Person or group of Persons "acting jointly and in concert" (within the meaning of Regulation 62-104 for: (a) a merger, reorganization, amalgamation, share exchange, consolidation, business combination, arrangement, recapitalization, dissolution, liquidation or similar transaction involving the Principal Party, (b) the direct or indirect acquisition by any Person (including by any asset acquisition, joint venture or similar transaction) of more than twenty percent (20%) of the value of the assets of such Principal Party and its Subsidiaries, on a consolidated basis; (c) the direct or indirect acquisition by any Person of more than twenty percent (20%) of the voting power of the outstanding equity securities of such Principal Party (or securities convertible into or exercisable for such equity securities), including any take-over bid, tender offer or exchange offer that, if consummated, would result in any Person beneficially owning equity securities of such Principal Party with twenty percent (20%) or more of the voting power of the outstanding equity securities of such Principal Party; (d) any arrangement whereby effective operating control of a Principal Party is granted to another Person; or (e) any combination of the foregoing, in each case of subclauses (a) through (d) whether in a single transaction or a series of related transactions;
- (b) "**Arrangement**" means an arrangement under the provisions of Section 192 of the CBCA on the terms and conditions set forth in the Plan of Arrangement, subject to any amendment or supplement thereto made in accordance therewith, herewith or made at the direction of the Court in the Final Order with the prior consent of the Principal Parties, each acting reasonably;

- (c) **"Arrangement Agreement"** means this arrangement agreement, together with the Sigma Disclosure Letter, the NanoXplore Disclosure Letter and the schedules attached hereto, as amended, amended and restated or supplemented from time to time;
- (d) **"Arrangement Consideration"** means the Arrangement Share Consideration and the Arrangement Debenture Consideration;
- (e) **"Arrangement Debenture Consideration"** means (i) for each \$1,000 Serie 1 Sigma Debenture outstanding on such principal amount on the Effective Date, \$5,000.00 and such number of NanoXplore Shares equals to \$500.00; (ii) for each \$1,000 Serie 2 Sigma Debenture outstanding on such principal amount on the Effective Date, \$9,000 and such number of NanoXplore Shares equals to \$1,000; (iii) for each \$1,000 Serie 3 Sigma Debenture outstanding on such principal amount on the Effective Date, \$8,800 and such number of NanoXplore Shares equals to \$1,000. All accrued and unpaid interest shall be paid in cash at the time of the Effective Date. For each NanoXplore Share issued for the Arrangement Debenture Consideration, the price should be the Arrangement Share Consideration;
- (f) **"Arrangement Resolution"** means the special resolution of the Sigma Shareholders approving the Arrangement, the Plan of Arrangement and this Arrangement Agreement, substantially in the form set out in Schedule "B";
- (g) **"Arrangement Share Consideration"** means \$0.75 for Sigma and \$1.92 for NanoXplore;
- (h) **"Board of Directors"** means the Sigma Board in the case of Sigma and the NanoXplore Board in the case of NanoXplore;
- (i) **"Business Day"** means any day, other than a Saturday, a Sunday or a statutory holiday in Montréal, Québec;
- (j) **"CBCA"** means the *Canada Business Corporations Act* and the regulations made thereunder;
- (k) **"Change in Sigma Recommendation"** shall have the meaning ascribed thereto in Subsection 5.01(b)(iii);
- (l) **"Circular"** means the notice of the Sigma Meeting and accompanying management information circular, including all schedules thereto and documents incorporated by reference therein, to be sent to Sigma Shareholders in connection with the Sigma Meeting, and includes any amendments thereto;
- (m) **"Completion Deadline"** means the date by which the transactions contemplated by this Arrangement Agreement are to be completed, which date shall be prior to September 30, 2018, or such later date as may be agreed to by the Parties;
- (n) **"Confidentiality Agreement"** means the Confidentiality and Non-disclosure Agreement entered into between Sigma and NanoXplore on February 26, 2018;
- (o) **"Contracts"** means any contract, agreement, license, franchise, lease, arrangement or other right or obligation to which a Principal Party or any of their respective Subsidiaries

is a party or by which a Principal Party or any of their respective Subsidiaries is bound or affected or to which any of their respective properties or assets is subject;

- (p) "**Court**" means the Québec Superior Court in the district of Québec;
- (q) "**Depository**" means TSX Trust Company, appointed for the purpose of, among other things, exchanging certificates representing Sigma Shares for certificates representing NanoXplore Shares in connection with the Arrangement;
- (r) "**Director**" means the Director appointed pursuant to Section 260 of the CBCA;
- (s) "**Dissenting Shareholders**" means registered Sigma Shareholders who have duly and validly exercised their Dissent Rights in strict compliance with the Dissent Procedures and whose Dissent Rights have not terminated;
- (t) "**Dissent Procedures**" means the procedures to be taken by a Sigma Shareholder in exercising Dissent Rights;
- (u) "**Dissent Rights**" means the rights of dissent in respect of the Arrangement as contemplated in the Plan of Arrangement;
- (v) "**Effective Date**" means the Effective Date as defined in the Plan of Arrangement;
- (w) "**Effective Time**" means the Effective Time as defined in the Plan of Arrangement;
- (x) "**Encumbrance**" means any mortgage, hypothec, pledge, assignment, charge, lien, security interest, adverse interest in property, other third person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (y) "**Environmental Approvals**" means all permits, certificates, licences, authorizations, consents, instructions, registrations, directions or approvals issued or required by any Governmental Entity pursuant to any Environmental Law;
- (z) "**Environmental Laws**" means all applicable Laws, relating to the protection of the environment and public health and safety, and includes Environmental Approvals;
- (aa) "**Final Order**" means the order of the Court pursuant to Section 192 of the CBCA approving the Arrangement in a form acceptable to the Parties, each acting reasonably, as such order may be amended by the Court (with the consent of the Parties, each acting reasonably) at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended on appeal (provided that such amendment is acceptable to the Parties, each acting reasonably);
- (bb) "**Governmental Entity**" means (i) any applicable multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, whether domestic or foreign, (ii) any subdivision, agency, commission, board or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, including TSXV;

- (cc) "**Hazardous Substance**" means any chemical, material or substance in any form, whether solid, liquid, gaseous, semisolid or any combination thereof, whether waste material, raw material, finished product, intermediate product, by-product or any other material or article, that is listed or regulated under any Environmental Laws as a hazardous substance, toxic substance or contaminant or is otherwise listed or regulated under any Environmental Laws because it poses a hazard to human health or the environment;
- (dd) "**IFRS**" means International Financial Reporting Standards formulated by the International Accounting Standards Board, as updated and amended from time to time;
- (ee) "**Intellectual Property**" means all intellectual property, industrial property and proprietary rights, domestic and foreign, in all jurisdictions throughout the world, including: (i) patents, applications for patents and reissues, re-examinations, divisionals, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public information and confidential information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyrightable works, works of authorship, content, data and database rights, moral rights, copyright registrations and applications for copyright registration; (iv) industrial designs, industrial designation registrations and applications, designs, design registrations and design registration applications; (v) trade names, business names, corporate names, domain names, website names and world wide web addresses, trademarks, service marks, trade dress, logos, designs, taglines, slogans, brands, rights to social media accounts, and other indicia of source, origin or quality, and registrations and applications for registrations of any of the foregoing, together with the goodwill associated with any of the foregoing; and (vi) Software.
- (ff) "**Interim Order**" means the interim order of the Court pursuant to the CBCA, made in connection with the Arrangement, as such order may be amended, supplemented or varied by the Court with the consent of the Parties, each acting reasonably;
- (gg) "**Investment Canada Act**" means the *Investment Canada Act (Canada)* and the regulations made thereunder, as amended from time to time;
- (hh) "**IP Contract**" means any contract that provides for the assignment, transfer or licensing of, or grant of any other rights under, any Intellectual Property by or to a Person (other than Off-the-Shelf Software Licenses) or that otherwise affects the ability of a Person to use or enforce any Intellectual Property.
- (ii) "**Laws**" means all laws, by-laws, rules, regulations, orders, ordinances, protocols, codes, guidelines, instruments, policies, notices, directions and judgments or other requirements of any Governmental Entity;
- (jj) "**Liability**" of any Person shall mean and include: (i) any right against such Person to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; (ii) any right against such Person to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to any equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured,

disputed, undisputed, secured or unsecured; and (iii) any obligation of such Person for the performance of any covenant or agreement (whether for the payment of money or otherwise);

(kk) "**Market Trading Price**"; shall mean, for any period of five consecutive trading days, the closing price of the shares of a Party on the TSXV for each day of such five-day period;

(ll) "**Matching Party**" shall have the meaning ascribed thereto in Section 7.02(a)(i);

(mm) "**Material Adverse Change**" means, in respect of any Person, any one or more changes, events or occurrences, and "**Material Adverse Effect**" means, in respect of any Person, an effect which, in either case, either individually or in the aggregate, is, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, production, assets, capital, property, obligations (whether absolute, accrued, conditional or otherwise), liabilities or financial condition of that Person and its Subsidiaries, taken as a whole, other than any change, event, occurrence or effect: (i) in or relating to general political, economic, financial or capital market conditions generally (including any reduction in market indices); (ii) in or relating to, IFRS or regulatory accounting requirements; (iii) in or relating to any change in Laws or any interpretation, application or non-application thereof by any Governmental Entity; or (iv) relating to change of more than 15% in the Market Trading Price from the signature of the Arrangement Agreement arising from the announcement of the execution of this Arrangement Agreement or the transactions contemplated hereby or any change event or occurrence excluded from this definition under other prongs, provided, however, that such effect referred to in clause (i) to (iii) above does not have a disproportionate effect on that Person and its Subsidiaries (taken as a whole) compared to other companies of similar size operating in such Person's industry;

(nn) "**Material Contract**" means, in respect of any Person, any Contract to which such Person is party: (i) that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect on such Person; (ii) under which such person or any of its subsidiaries has directly or indirectly guaranteed any liabilities or obligations of a third party (other than ordinary course endorsements for collection) in excess of \$500,000 in the aggregate; (iii) relating to indebtedness for borrowed money, whether incurred, assumed, guaranteed or secured by any asset, with an outstanding principal amount in excess of \$500,000; (iv) providing for the establishment, organization or formation of any joint venture that is material to it; (v) under which such Person or any of its subsidiaries is obligated to make or expects to receive payments in excess of \$500,000 over the remaining term of the contract; or (vi) that limits or restricts such Person or any of its subsidiaries from engaging in any line of business or any geographic area in any material respect ; and, for greater certainty, with respect to Sigma, includes the Material Contracts listed in the Sigma Disclosure Letter;

(oo) "**NanoXplore**" means NanoXplore Inc., a corporation existing under the CBCA;

(pp) "**NanoXplore Board**" means the board of directors of NanoXplore;

(qq) "**NanoXplore Disclosure Letter**" means the letter dated of even date herewith and delivered by NanoXplore to Sigma in the form accepted by and initialled on behalf of Sigma with respect to certain matters in this Arrangement Agreement;

- (rr) **"NanoXplore Documents"** shall have the meaning ascribed thereto in Section 4.01(r);
- (ss) **"NanoXplore Expense Reimbursement"** shall have the meaning ascribed thereto in Section 7.03(i);
- (tt) **"NanoXplore Financial Statements"** shall have the meaning ascribed thereto in Section 4.01(h);
- (uu) **"NanoXplore Material Contracts"** shall have the meaning ascribed thereto in Section 4.01(x);
- (vv) **"NanoXplore Shareholders"** means, at any time, the holders of NanoXplore Shares;
- (ww) **"NanoXplore Shares"** means common shares in the capital of NanoXplore;
- (xx) **"NanoXplore Subsidiaries"** means, collectively, the subsidiaries of NanoXplore, none of which are material, which are: (i) SubCo; (ii) NanoXplore GmbH; (iii) 9334-7474 Québec inc.; (iv) CEBO. Injections SA; (v) Rada Industries Ltd.; and (vi) NanoXplore Switzerland Holding SA, and **"NanoXplore Subsidiary"** means any of them;
- (yy) **"NanoXplore Termination Fee Event"** shall have the meaning ascribed thereto in Section 7.03(f);
- (zz) **"NanoXplore Warrants"** means all of the issued and outstanding warrants of NanoXplore at the time of this Arrangement Agreement and as more fully described in the NanoXplore Disclosure Letter and, for greater certainty, including all compensation warrants of NanoXplore;
- (aaa) **"Off-the-Shelf Software Licenses"** means licenses for commercially available, unmodified, "off-the-shelf" software used by Sigma for its own internal use.
- (bbb) **"Parties"** means Sigma, NanoXplore and SubCo, and **"Party"** means either of them;
- (ccc) **"Person"** means an individual, partnership, association, body corporate, joint venture, business organization, trustee, executor, administrative legal representative, Governmental Entity or any other entity, whether or not having legal status;
- (ddd) **"Plan of Arrangement"** means a plan of arrangement substantially in the form and content of Schedule "A" attached hereto and any amendment or variation thereto made in accordance with the Plan of Arrangement or Section 8.03 or made at the direction of the Court in the Final Order (with the prior written consent of the Parties, each acting reasonably);
- (eee) **"Principal Parties"** means Sigma and NanoXplore, and **"Principal Party"** means either of them;
- (fff) **"Regulation 62-104"** means *Regulation 62-104 respecting Take-Over Bids and Issuer Bids (Québec)* (or *National Instrument 62-104 Take-Over Bids and Issuer Bids* in other Canadian jurisdictions);
- (ggg) **"Representatives"** shall have the meaning ascribed thereto in Section 7.01;

- (hhh) "**Response Period**" shall have the meaning ascribed thereto in Subsection 7.02(a)(ii);
- (iii) "**Securities Act**" means the *Securities Act* (Québec) and the rules, regulations and published policies made thereunder;
- (jjj) "**Securities Authorities**" means the securities regulatory authorities in each of the provinces and territories of Canada;
- (kkk) "**SEDAR**" means the System for Electronic Analysis and Retrieval;
- (lll) "**Serie 1 Sigma Debentures**" means the debentures having an expiry date of December 4, 2018 and being convertible in Sigma Shares, as more fully described in the Sigma Disclosure Letter;
- (mmm) "**Serie 2 Sigma Debentures**" means the debentures having an expiry date of November 10, 2020 and being convertible in units of Sigma comprised of one Sigma Shares and one warrant exercisable at a price of \$0.10 per Sigma Share, as more fully described in the Sigma Disclosure Letter;
- (nnn) "**Serie 3 Sigma Debentures**" means the debentures having an expiry date of November 10, 2020 and being convertible in units of Sigma comprised of one Sigma Shares and one warrant exercisable at a price of \$0.12 per Sigma Share, as more fully described in the Sigma Disclosure Letter;
- (ooo) "**Sigma**" means Sigma Industries Inc., a corporation existing under the CBCA;
- (ppp) "**Sigma Board**" means the board of directors of Sigma;
- (qqq) "**Sigma Debentureholders**" means, at any time, the holders of Sigma Debentures;
- (rrr) "**Sigma Debentures**" means the Serie 1 Sigma Debentures, Serie 2 Sigma Debentures and Serie 3 Sigma Debentures issued and outstanding at the time of this Arrangement Agreement and as more fully described in the Sigma Disclosure Letter;
- (sss) "**Sigma Disclosure Letter**" means the letter dated of even date herewith and delivered by Sigma to NanoXplore in the form accepted by and initialled on behalf of NanoXplore with respect to certain matters in this Arrangement Agreement;
- (ttt) "**Sigma Documents**" shall have the meaning ascribed thereto in Section 3.01(t);
- (uuu) "**Sigma Expense Reimbursement**" shall have the meaning ascribed thereto in Section 7.03(h);
- (vvv) "**Sigma Facilities**" means the existing facilities of Sigma, as specified in the Sigma Disclosure Letter;
- (www) "**Sigma Financial Statements**" shall have the meaning ascribed thereto in Section 3.01(i);
- (xxx) "**Sigma Lock-Up Agreements**" means the voting and support agreements dated the date hereof and made between NanoXplore and the Sigma Locked-Up Shareholders;

- (yyy) "**Sigma Locked-Up Shareholders**" means the Persons who are party to the Sigma Lock-Up Agreements, as specified in the Sigma Disclosure Letter;
- (zzz) "**Sigma Material Contracts**" shall have the meaning ascribed thereto in Section 3.01(w);
- (aaaa) "**Sigma Meeting**" means the special meeting, including any adjournments or postponements thereof, of the Sigma Shareholders to be held, among other things, to consider and, if deemed advisable, to approve the Arrangement Resolution and the sale of the Sigma Debentures;
- (bbbb) "**Sigma Shareholder Approval**" shall have the meaning ascribed to such term in Subsection 2.02(a)(iii);
- (cccc) "**Sigma Shareholders**" means, at any time, the holders of Sigma Shares;
- (dddd) "**Sigma Shares**" means common shares in the capital of Sigma;
- (eeee) "**Sigma Stock Option Plan**" means the stock option plan of Sigma in force since October 7, 2005, as amended, amended and restated or supplemented from time to time, and as approved by Sigma Shareholders on September 19, 2017 and described in the most recent Management Information Circular of Sigma filed on SEDAR on August 19, 2017;
- (ffff) "**Sigma Subsidiaries**" means Rene Composite Materials Ltd., Faroex Ltd., RMC Advanced Technologies Inc., Sigma US Industries Inc. and RMC USA Inc. ;
- (gggg) "**Sigma Termination Fee Event**" shall have the meaning ascribed thereto in Section 7.03(e);
- (hhhh) "**Software**" means all computer software, applications and programs and other software, data and databases, in each case, whether in source code or object code form, and all documentation and other materials related to any of the foregoing;
- (iv) "**Special Committee**" means the special committee of independent members of the Sigma Board formed in relation with the Arrangement and other transactions contemplated by the Arrangement Agreement;
- (jjjj) "**SubCo**" means 10854611 Canada Inc., a corporation existing under the CBCA;
- (kkkk) "**Subsidiary**" means, with respect to a specified body corporate, any body corporate of which the specified body corporate is entitled to elect a majority of the directors thereof and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to such a body corporate, excluding any body corporate in respect of which such direction or control is not exercised by the specified body corporate as a result of any existing contract, agreement or commitment;
- (llll) "**Superior Proposal**" means any *bona fide*, unsolicited, written Acquisition Proposal made by a third party after the date of this Arrangement Agreement (and not obtained in violation of Section 7.01) that relates to the acquisition of 100% of the outstanding voting shares of a Principal Party (other than voting shares owned by the Person making the

Superior Proposal) or all or substantially all of the consolidated assets of such Principal Party and its subsidiaries, taken as a whole; and (i) that is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal; (ii) that, in the case of an Acquisition Proposal to acquire 100% of the outstanding voting shares of a Principal Party, is made available to all shareholders of such Principal Party on the same terms and conditions; (iii) that is not subject to a due diligence condition; (iv) that is not subject to a financing condition beyond what would be permitted by Regulation 62-104 (whether or not such transaction is a formal take-over bid); and (v) in respect of which the Board of Directors of such Principal Party determines, in its good faith judgment, after receiving the written advice of its outside legal and financial advisors, that (a) failure to recommend such Acquisition Proposal to the holders of its voting shares would be inconsistent with its fiduciary duties under applicable Law; and (b) having regard for all of its terms and conditions, such Acquisition Proposal, would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the holders of its voting shares, from a financial point of view, than the Arrangement, after taking into account any change to the Arrangement proposed by the other Principal Party;

(mmmm) "**Tax**" and "**Taxes**" means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Entity, including all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, mining taxes, sales taxes, use taxes, *ad valorem* taxes, value added taxes, transfer taxes (including, without limitation, taxes relating to the transfer of interests in real property or entities holding interests therein), franchise taxes, license taxes, withholding taxes, health taxes, payroll taxes, employment taxes, Canada or Québec Pension Plan premiums, excise, severance, social security, workers' compensation, employment insurance or compensation taxes, mandatory pension and other social fund taxes or premium, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, harmonized sales tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, and any instalments in respect thereof, together with any interest, fines and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such entity, and any interest, penalties, fines, additional taxes and additions to tax imposed on such entity with respect to the foregoing and including an amount in respect of the foregoing as a transferee, successor, guarantor or surety or in a similar capacity under a contract, arrangement, agreement, understanding or commitment (whether written or oral) or by operation of law and any liability for the payment of any taxes described herein as a result of being a member of an affiliated, consolidated, combined or unitary group for any period as a result of any tax sharing or tax allocation agreement, arrangement or understanding;

(nnnn) "**Tax Act**" means the *Income Tax Act* (Canada), and the regulations thereunder as may be amended from time to time;

(oooo) "**Tax Returns**" means all returns, schedules, elections, declarations, reports, information returns, notices, forms, statements and other documents made, prepared or filed with any taxing authority or required to be made, prepared or filed with any Governmental Entity relating to Taxes;

- (pppp) **"Terminating Party"** shall have the meaning ascribed thereto in Subsection 7.02(a)(i);
- (qqqq) **"Termination Fee"** shall have the meaning ascribed thereto in Section 7.03(d);
- (rrrr) **"Termination Fee Event"** means a NanoXplore Termination Fee Event or a Sigma Termination Fee Event, as the case may be;
- (ssss) **"Transaction Personal Information"** shall have the meaning ascribed thereto in Section 9.01;
- (tttt) **"TSXV"** means the TSX Venture Exchange; and
- (uuuu) **"1940 Act"** means the *Investment Company Act of 1940*, as amended, of the United States of America, and the rules and regulations promulgated from time to time thereunder.

1.2 Interpretation Not Affected by Headings

The division of this Arrangement Agreement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Arrangement Agreement. The terms "this Arrangement Agreement", "hereof", "herein", "hereto", "hereunder" and similar expressions refer to this Arrangement Agreement and the schedules attached hereto and not to any particular article, section or other portion hereof and include any agreement, schedule or instrument supplementary or ancillary hereto or thereto.

1.3 Number, Gender and Persons

In this Arrangement Agreement, unless the context otherwise requires, words importing the singular only shall include the plural and *vice versa*, words importing the use of either gender shall include both genders and neuter, and the word Person and all words importing Persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any Governmental Entity, political subdivision or instrumentality thereof) and any other entity of any kind or nature whatsoever.

1.4 Date for any Action

If the date on which any action is required to be taken hereunder by any Party is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

1.5 Statutory References

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

1.6 Currency

Unless otherwise stated, all references in this Arrangement Agreement to amounts of money are expressed in lawful money of Canada, and "\$" refers to Canadian dollars.

1.7 Invalidity of Provisions

Each of the provisions contained in this Arrangement Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable Law, the Parties waive any provision of Law that renders any provision of this Arrangement Agreement or any part thereof invalid or unenforceable in any respect. The Parties will engage in good faith negotiations to replace any provision hereof or any part thereof that is declared invalid or unenforceable with a valid and enforceable provision or part thereof, so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

1.8 Accounting Matters

Unless otherwise stated, all accounting terms used in this Arrangement Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made hereunder shall be made in a manner consistent with IFRS.

1.9 Knowledge

Where the phrases "to the knowledge of Sigma" or "to Sigma's knowledge" or "to the knowledge of NanoXplore" or "to NanoXplore's knowledge" are used in respect of Sigma, NanoXplore or their respective Subsidiaries, such phrase shall mean, in respect of each representation and warranty or other statement which is qualified by such phrase, that such representation and warranty or other statement is being made based upon: (a) in the case of Sigma and of the Sigma Subsidiaries, the collective actual knowledge of those officers of Sigma and of the Sigma Subsidiaries set forth in the Sigma Disclosure Letter; and (b) in the case of NanoXplore, the collective actual knowledge of those officers of NanoXplore set forth in the NanoXplore Disclosure Letter, in both cases after reasonable enquiry.

1.10 Meaning of Certain Phrase

In this Arrangement Agreement the phrase "in the ordinary and regular course of business" shall mean and refer to those activities that are normally conducted by corporations engaged (a) in the case of Sigma and of the Sigma Subsidiaries, in the integration of composite technologies; and (b) in the case of NanoXplore in the manufacture and supply of graphene powder and, with respect to the Parties, consistent with past practice of such party, provided that in any event such action is not unreasonable.

1.11 Schedules

The following schedules are attached to, and are deemed to be incorporated into and form part of, this Arrangement Agreement:

<u>Schedule</u>	<u>Matter</u>
Schedule "A"	Form of Plan of Arrangement
Schedule "B"	Arrangement Resolution

1.12 Disclosure Letters

Each Sigma Disclosure Letter and NanoXplore Disclosure Letter itself and all information contained in it is confidential information and may not be disclosed unless (i) it is required to

be disclosed pursuant to Law unless such Law permits the Parties to refrain from disclosing the information for confidentiality or other purposes or (ii) a Party needs to disclose it in order to enforce or exercise its rights under this Arrangement Agreement.

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement

Sigma and NanoXplore agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions contained in this Arrangement Agreement and the Plan of Arrangement. Each Sigma Shareholder and Sigma Debentureholder (other than a Sigma Shareholder who has validly exercised its Dissent Rights) shall be entitled to receive, in exchange for each Sigma Share and each Sigma Debenture held, the Arrangement Consideration, all as more specifically set out in the Plan of Arrangement.

2.2 Court Proceedings

Sigma shall apply to the Court, in a manner acceptable to NanoXplore, acting reasonably, pursuant to the CBCA for the Interim Order and Final Order as follows:

- (a) As soon as reasonably practicable after the date of execution of this Arrangement Agreement and subject to Section 5.01(a), Sigma shall, in a manner acceptable and in cooperation with NanoXplore, file, proceed with and diligently prosecute an application to the Court for the Interim Order which shall request that the Interim Order shall provide, among other things:
 - (i) for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Sigma Meeting and for the manner in which such notice is to be provided, such notice to include, inter alia, that such Persons have a right to appear at the hearing before the Court at which the fairness of the Arrangement is to be adjudged;
 - (ii) for confirmation of the record date for the Sigma Meeting;
 - (iii) that the requisite approval for the Arrangement Resolution shall be 66⅔% of the votes cast on the Arrangement Resolution and 50% plus one on the sale of the Sigma Debentures by the Sigma Shareholders voting as a single class, present in person or by proxy at the Sigma Meeting (the "**Sigma Shareholder Approval**");
 - (iv) that, in all other respects, the terms, conditions and restrictions of the Sigma constating documents, including quorum requirements and other matters, shall apply in respect of the Sigma Meeting;
 - (v) for the grant of Dissent Rights to the registered holders of Sigma Shares;
 - (vi) for notice requirements with respect to the presentation of the application to the Court for the Final Order;

- (vii) that the Sigma Meeting may be adjourned or postponed from time to time by management of Sigma in accordance with the terms of the Arrangement Agreement without the need for additional approval of the Court;
 - (viii) that the record date for Sigma Shareholders entitled to notice of and to vote at the Sigma Meeting will not change in respect of any adjournment(s) of the Sigma Meeting; and
 - (ix) for such other matter as NanoXplore may reasonably require, subject to obtaining the prior consent of Sigma, acting reasonably.
- (b) subject to obtaining the approvals as contemplated by the Interim Order and as may be directed by the Court in the Interim Order, take all steps necessary or desirable to submit the Arrangement to the Court and to apply for the Final Order.

2.3 Effecting the Arrangement

Subject to the rights of termination contained in Article 8 hereof, upon the Sigma Shareholders providing the Sigma Shareholder Approval in accordance with the Interim Order, Sigma obtaining the Final Order and the other conditions contained in 5.02(m) hereof being complied with or waived, to the extent required under the CBCA, Sigma shall file with the Director the Final Order and such other documents as may be required in order to effect the Arrangement.

2.4 Consultation

Sigma and NanoXplore will consult with each other in issuing any press release or otherwise making any public statement with respect to this Arrangement Agreement or the Arrangement and in making any filing with the Court or the Director, any Governmental Entity, Securities Authority or stock exchange with respect thereto. Each of Sigma and NanoXplore shall use its commercially reasonable best efforts to enable each of the other of them and their respective legal counsel with reasonable opportunity to review and comment on all such press release and filings prior to the release or filing, respectively, thereof.

2.5 Closing

The closing of the Arrangement will take place at the offices of NanoXplore, located at 25, Montpellier Boulevard, Montréal, Québec at 8:00 a.m. (Montréal time) on the Effective Date.

2.6 Adjustments on Dividend or Other Distribution

If on or after the date hereof, Sigma declares, sets aside or pays any dividend or other distribution to the Sigma Shareholders of record as of a time prior to the Effective Date, the parties hereto shall make such adjustments to the Arrangement as they determine acting in good faith to be necessary to restore the original intention of the Parties in the circumstances.

2.7 Payment of Arrangement Consideration

NanoXplore shall, following receipt of the Final Order and at least one Business Day before the filing by Sigma of the Articles of Arrangement with the Director, transfer or cause to be transferred to the Depositary (i) sufficient NanoXplore Shares and (ii) sufficient funds to be held in escrow (the terms and conditions of such escrow to be satisfactory to Sigma and NanoXplore, acting

reasonably) in order to pay the aggregate Arrangement Consideration payable for all of the Sigma Shares and Sigma Debentures to be acquired pursuant to the Arrangement.

2.8 Withholding

Sigma, NanoXplore and the Depositary shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any Person hereunder and from all dividends or other distributions otherwise payable to any former Sigma Shareholder such amounts as Sigma, NanoXplore or the Depositary is required to deduct and withhold with respect to such payment under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of any applicable federal, provincial, state, local or foreign tax Laws, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the relevant Person in respect of which such deduction and withholding was made, provided that such withheld amounts are remitted to the appropriate Governmental Entity.

2.9 Sigma Facilities and Employees

NanoXplore will maintain the Sigma Facilities following completion of the Arrangement. NanoXplore will undertake to retain effectively all employees of Sigma following completion of the Arrangement upon terms and conditions substantially similar to those provided to such employees immediately prior the Effective Time. In the event, there are any employee terminations, NanoXplore will provide appropriate and sufficient severance arrangements for such employees and will indemnify and save harmless Sigma, its Subsidiaries and their respective Representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which Sigma, any of its Subsidiaries or any of their respective Representatives may be subject or may suffer as a result of, or arising from, claim, investigation or proceeding instituted by any former Sigma or Subsidiaries' employees.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF SIGMA

3.1 Representations and Warranties of Sigma

Sigma hereby represents and warrants to NanoXplore as set forth in this Section 3.01 and hereby acknowledges that NanoXplore is relying upon such representations and warranties in connection with entering into this Arrangement Agreement and agreeing to complete the Arrangement.

- (a) Organization. Sigma and each of the Sigma Subsidiaries have been incorporated, are validly subsisting and have full corporate or legal power and authority to own their respective properties and assets and to conduct their respective businesses as currently owned and conducted. Sigma and the Sigma Subsidiaries are registered, licensed or otherwise qualified as an extra-provincial corporation or a foreign corporation in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, other than those jurisdictions where the failure to be so registered, licensed or otherwise qualified would not have a Material Adverse Effect on Sigma. All of the outstanding shares of the Sigma Subsidiaries are validly issued, fully paid and non-assessable and are owned directly by Sigma. Except pursuant to restrictions on transfer contained in the articles or by-laws (or their equivalent) of the Sigma Subsidiaries, the outstanding shares of the Sigma Subsidiaries are owned by Sigma free and clear of all Encumbrances and Sigma is not liable to any creditor in respect thereof. Except pursuant to this Arrangement Agreement and the transactions contemplated hereby, there are no

outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any issued or unissued securities of, or interest in the Sigma Subsidiaries from Sigma.

- (b) Capitalization. Sigma is authorized to issue an unlimited number of Sigma Shares. As of today, there were: (i) 11,724,775 Sigma Shares outstanding; (ii) \$1,220,000 Sigma Debenture Nominal Value Outstanding outstanding and (iii) no Sigma Options Outstanding. The terms of the Sigma Debentures are set out in the Sigma Disclosure Letter. Except as disclosed in the Sigma Disclosure Letter and pursuant to this Arrangement Agreement and the transactions contemplated hereby, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Sigma or the Sigma Subsidiaries to issue or sell any shares of Sigma, the Sigma Subsidiaries or any securities or obligations of any kind convertible into or exchangeable for any shares of Sigma or the Sigma Subsidiaries. All outstanding Sigma Shares have been authorized and are validly issued and outstanding as fully paid and non-assessable shares. Except as disclosed in the Sigma Disclosure Letter and except the Sigma Debenture, as of the date hereof, there are no outstanding bonds, debentures or other evidences of indebtedness of Sigma or the Sigma Subsidiaries having the right to vote with the Sigma Shareholders on any matter. There are no outstanding contractual obligations of Sigma or the Sigma Subsidiaries to repurchase, redeem or otherwise acquire any outstanding Sigma Shares or with respect to the voting or disposition of any outstanding Sigma Shares.
- (c) Authority. Sigma has all necessary power, authority and capacity to enter into this Arrangement Agreement and all other agreements and instruments to be executed by Sigma as contemplated by this Arrangement Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Arrangement Agreement by Sigma and the completion by Sigma of the transactions contemplated by this Arrangement Agreement have been authorized by the directors of Sigma and, subject to obtaining the Sigma Shareholder Approval, the Interim Order and any approvals required by the Interim Order and the Final Order, and providing to the Director any records, information or other documents required in connection with the Arrangement, no other corporate proceedings on the part of Sigma are necessary to authorize this Arrangement Agreement or to complete the transactions contemplated hereby other than in connection with the approval by the directors of Sigma of the Circular. This Arrangement Agreement has been executed and delivered by Sigma and constitutes a legal, valid and binding obligation of Sigma, enforceable against Sigma in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity. The execution and delivery by Sigma of this Arrangement Agreement and the performance by Sigma of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:
 - (i) result in a violation, contravention or breach of, require any consent to be obtained under or give rise to any termination rights under any provision of:
 - A. the articles or by-laws (or their equivalent) of Sigma or the Sigma Subsidiaries;

- B. assuming the Sigma has obtained the Sigma Shareholder Approval, the Interim Order and any approvals required by the Interim Order and the Final Order any Law, other than any applicable merger control law; or
 - C. any Material Contract, licence or permit to which Sigma or the Sigma Subsidiaries are bound or are subject to or of which Sigma or the Sigma Subsidiaries are the beneficiary which in each case, would, individually or in the aggregate, have a Material Adverse Effect on Sigma, or
 - D. give rise to any right of termination or acceleration of indebtedness, or cause any indebtedness owing by Sigma or the Sigma Subsidiaries to come due before its stated maturity or cause any available credit to cease to be available which would, individually or in the aggregate, have a Material Adverse Effect on Sigma;
- (ii) result in the imposition of any Encumbrance upon any of the property or assets of Sigma or the Sigma Subsidiaries or restrict, hinder, impair or limit the ability of Sigma or the Sigma Subsidiaries to conduct the business of Sigma or the Sigma Subsidiaries as and where it is now being conducted which would, individually or in the aggregate, have a Material Adverse Effect on Sigma; or
 - (iii) result in any material payment (including severance, unemployment compensation, "golden parachute", bonus or otherwise) becoming due to any director or officer of Sigma or the Sigma Subsidiaries or increase any benefits otherwise payable under any pension or benefits plan of Sigma or the Sigma Subsidiaries or result in the acceleration of the time of payment or vesting of any such benefits.

Except as disclosed in the Sigma Disclosure letter, no consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other Person is required to be obtained by Sigma in connection with the execution and delivery of this Arrangement Agreement or the consummation by Sigma of the transactions contemplated hereby other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order and any approvals required by the Final Order; (iii) filings required under the CBCA and filings with and approvals required by Securities Authorities and stock exchanges; (iv) compliance with and approvals required by any applicable merger control laws; and (v) any other consents, approvals, orders, authorizations, declarations or filings which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Effect on Sigma.

- (d) Sigma Board Approvals. The Sigma Board has received a fairness opinion from Evans & Evans, Inc., the financial advisor to the Sigma Board, that, as of the date of such opinion and subject to the assumptions, qualifications and limitations set forth therein, the consideration payable to the Sigma Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Sigma Shareholders and the Sigma Board has unanimously:
 - (i) determined that the consideration payable to the Sigma Shareholders pursuant to the Arrangement is fair to the Sigma Shareholders and the Arrangement is in the best interests of Sigma;

- (ii) resolved to recommend that the Sigma Shareholders vote in favour of the Arrangement Resolution and the sale of the Sigma Debentures; and
 - (iii) authorized the entering into of this Arrangement Agreement, and the performance of its provisions, by Sigma.
- (e) Sigma Subsidiaries. The only subsidiaries of Sigma are the Sigma Subsidiaries.
- (f) No Defaults. None of Sigma or the Sigma Subsidiaries is in default under, and, to the knowledge of Sigma, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute a default by Sigma or the Sigma Subsidiaries under any Material Contract, licence or permit that is material to the conduct of the business of Sigma or the Sigma Subsidiaries to which any of them is a party or by which either of them is bound that would, individually or in the aggregate, have a Material Adverse Effect on Sigma.
- (g) Absence of Changes. Except as publicly disclosed or as disclosed by Sigma in the Sigma Disclosure Letter and in this Arrangement Agreement, since April 30, 2017:
 - (i) each of Sigma and the Sigma Subsidiaries have conducted their business only in the ordinary and regular course of business consistent with past practice;
 - (ii) none of Sigma or the Sigma Subsidiaries has incurred or suffered a Material Adverse Change;
 - (iii) there has not been any acquisition or sale by Sigma or the Sigma Subsidiaries of any property or assets material to Sigma and the Sigma Subsidiaries, taken as a whole;
 - (iv) other than in the ordinary and regular course of business, and except as disclosed by Sigma in the Sigma Disclosure Letter, consistent with past practice, there has not been any incurrence, assumption or guarantee by Sigma or the Sigma Subsidiaries of any debt for borrowed money, or any making by Sigma or the Sigma Subsidiaries of any loan, advance or capital contribution to or investment in any other Person;
 - (v) Sigma has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Sigma Shares;
 - (vi) other than in the ordinary and regular course of business consistent with past practice, there has not been any material increase in or material modification of the compensation payable to or to become payable by Sigma or the Sigma Subsidiaries to any of their respective directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay or any increase or modification of any bonus, pension, insurance or benefit arrangement (including, without limitation, the granting of Sigma Options pursuant to the Sigma Stock Option Plan) made to, for or with any of such directors or officers;
 - (vii) Sigma has not effected any material change in its accounting methods, principles or practices; and

- (viii) Sigma has not adopted any, or materially amended any, collective bargaining agreement, bonus, pension, profit sharing, stock purchase, stock option or other benefit plan or shareholder rights plan.
- (h) Employment Agreements. Other than as disclosed by Sigma in the Sigma Disclosure Letter:
 - (i) except as disclosed by Sigma in the Sigma Disclosure Letter, none of Sigma or the Sigma Subsidiaries is a party to any written or oral policy, agreement, obligation or understanding providing for severance or termination payments to, or any employment or consulting agreement with, any director or officer of Sigma or the Sigma Subsidiaries that cannot be terminated without payment of a maximum of 12 times such individual's monthly salary;
 - (ii) except as disclosed by Sigma in the Sigma Disclosure Letter, none of Sigma or the Sigma Subsidiaries has any employee or consultant whose employment or contract with Sigma or Sigma Subsidiaries cannot be terminated without payment upon a maximum of 12 months' notice, except as required by applicable Laws; and
 - (iii) none of Sigma or the Sigma Subsidiaries (A) is a party to any collective bargaining agreement, except Faroex Ltd.; (B) is, to the knowledge of Sigma, subject to any application for certification or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement, or (C) is subject to any current or, to the knowledge of Sigma, pending or threatened strike or lockout.
- (i) Financial Matters. The (A) unaudited interim consolidated balance sheets, unaudited interim consolidated statements of income (loss), unaudited interim consolidated statements of comprehensive income (loss), interim consolidated statements of changes in shareholders' equity and interim consolidated statements of cash flows for the periods ended January 31, 2018 and January 31, 2017 and notes thereto, and the related management's discussion and analysis, and (B) audited consolidated balance sheets, audited consolidated statements of loss, audited consolidated statements of comprehensive income (loss), audited consolidated statements of changes in shareholders' equity and audited consolidated statements of cash flows of Sigma for the financial years ended April 29, 2017 and April 28, 2018 and the notes thereto and the report by the Sigma's auditors thereon, and the related management's discussion and analysis (collectively, the "**Sigma Financial Statements**"), were prepared in accordance with IFRS and fairly present in all material respects the consolidated financial condition of Sigma at the respective dates indicated its financial performance and its cash flows for the periods ended January 31, 2018 and January 31, 2017 and the years ended January 31, 2018 and January 31, 2017. None of Sigma or the Sigma Subsidiaries has any liability or obligation (including, without limitation, liabilities or obligations to fund any operations or work or exploration program, to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, not reflected in the Sigma Financial Statements, which would reasonably be expected to have a Material Adverse Effect on Sigma.
- (j) Internal Controls and Financial Reporting. Sigma: (i) has designed disclosure controls and procedures to provide reasonable assurance that financial information relating to Sigma, including its consolidated subsidiaries, is accurate and reliable, is made known to

the Chief Executive Officer and the Chief Financial Officer of Sigma by others within those entities, particularly during the periods in which filings are being prepared; (ii) has designed internal controls to provide reasonable assurance regarding the accuracy and reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS; and (iii) has disclosed, as the case may be, in the management's discussion and analysis for its most recently completed financial year, for each material weakness relating to design existing at the financial year end (x) a description of the material weakness, (y) the impact of the material weakness on Sigma's financial reporting and internal controls over financial reporting; and (z) Sigma's further plans, if any, or any actions already undertaken, for remediating the material weakness. Sigma has designed a system of internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and such system is effective at the reasonable assurance level.

- (k) Books and Records. The corporate records and minute books of Sigma and the Sigma Subsidiaries have been maintained in material compliance with all applicable Laws and are complete and accurate in all material respects. Financial books and records and accounts of Sigma and the Sigma Subsidiaries (i) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice; (ii) are stated in reasonable detail and accurately and fairly reflect the material transactions and acquisitions and dispositions of assets of Sigma and the Sigma Subsidiaries; and (iii) accurately and fairly reflect the basis for the Sigma Financial Statements.
- (l) Litigation. Except as disclosed by Sigma in the Sigma Disclosing Letter, there is no claim, action, suit, proceeding or investigation pending or in progress or, to the knowledge of Sigma, threatened against or relating to Sigma or the Sigma Subsidiaries or affecting any of their respective properties or assets before any Governmental Entity which individually or in the aggregate has, or could reasonably be expected to have, a Material Adverse Effect on Sigma. There is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress, or, to the knowledge of Sigma, threatened against or relating to Sigma or the Sigma Subsidiaries before any Governmental Entity. None of Sigma or the Sigma Subsidiaries nor any of their respective properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict the right or ability of Sigma or the Sigma Subsidiaries as the case may be, to conduct its business in all material respects as it has been carried on prior to the date hereof, or that would materially impede the consummation of the transactions contemplated by this Arrangement Agreement, except to the extent any such matter would not have a Material Adverse Effect on Sigma.
- (m) Operational Matters:
 - (i) all rentals, payments and obligations and any other payments due or payable on or prior to the date hereof under or with respect to the assets of Sigma and of the Sigma Subsidiaries have been properly and timely paid and no claim is due to lapse within 90 days of the date hereof; and
 - (ii) each of Sigma and the Sigma Subsidiaries has all necessary permits required for it to carry on its business as currently conducted, all of which are in full force and effect, and each of them is in compliance with such permits. None of Sigma or

the Sigma Subsidiaries has received oral or written notice relating to the revocation, cancellation expropriation or modification of any such permit.

(n) Insurance. As of the date hereof, Sigma and the Sigma Subsidiaries have such policies of insurance as are listed in the Sigma Disclosure Letter. All insurance maintained by Sigma and the Sigma Subsidiaries is in full force and effect and in good standing and neither Sigma nor the Sigma Subsidiaries is in default, whether as to payment of premium or otherwise, under the terms of any such insurance nor has Sigma or the Sigma Subsidiaries failed to give any notice or present any material claim under any such insurance in a due and timely fashion or received notice or otherwise become aware of any intent of an insurer to either claim any default on the part of Sigma or the Sigma Subsidiaries or not to renew any policy of insurance on its expiry or to increase any deductible or cost, except where such failure or default or other event would not reasonably be expected to have a Material Adverse Effect.

(o) Environmental.

(i) Each of Sigma and the Sigma Subsidiaries has carried on its operations in compliance with all applicable Environmental Laws, except to the extent that a failure to be in such compliance, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Sigma.

(ii) To the knowledge of Sigma, none of Sigma or the Sigma Subsidiaries has treated or disposed, or arranged for the treatment or disposal, of any Hazardous Substances at any location: (A) listed on any list of hazardous sites or sites requiring Remedial Action issued by any Governmental Entity; (B) proposed for listing on any list issued by any Governmental Entity of hazardous sites or sites requiring Remedial Action, or any similar federal, state or provincial lists; or (C) which is the subject of enforcement actions by any Governmental Entity that creates the reasonable potential for any proceeding, action, or other claim against Sigma or the Sigma Subsidiaries. To the knowledge of Sigma, no site or facility now or previously owned, operated or leased by Sigma or the Sigma Subsidiaries is listed or, to the knowledge of Sigma, is proposed for listing on any list issued by any Governmental Entity of hazardous sites or sites requiring Remedial Action or is the subject of Remedial Action.

(iii) None of Sigma or the Sigma Subsidiaries has received from any Person or Governmental Entity any notice, formal or informal, of any proceeding, action or other claim, Liability or potential Liability arising under any Environmental Law that is pending as of the date hereof.

(p) Intellectual Property.

(i) The Sigma Disclosure Letter sets out a list of all (i) domestic and foreign trademarks and service marks, trademark and service mark registrations, trademark and service mark applications, registered copyrights, copyright applications, patents, patent applications and domain names owned by Sigma or the Sigma Subsidiaries, (ii) material Software owned by Sigma or the Sigma Subsidiaries, (iii) material trademarks and service marks owned by Sigma or the Sigma Subsidiaries and (iv) IP Contracts.

- (ii) Each of Sigma and the Sigma Subsidiaries, as applicable, validly owns or possesses all necessary rights and interests in and to all Intellectual Property set forth or required to be set forth in the Sigma Disclosure Letter, free and clear of all Encumbrances.
- (iii) The Sigma Disclosure Letter sets out a list of all licences (other than with respect to Off-the-Shelf Software Licenses) pursuant to which Sigma or the Sigma Subsidiaries are granted rights to use the Intellectual Property of a third party.
- (iv) All Intellectual Property used or held for use by, or necessary for Sigma and the Sigma Subsidiaries in the carrying on of their business is either owned by (free and clear of all Encumbrances) or licensed to (pursuant to a valid and enforceable license set forth in the Sigma Disclosure Letter or an Off-the-Shelf Software License) Sigma and the Sigma Subsidiaries. Such Intellectual Property is in full force and effect and no default exists on the part of Sigma or any of the Sigma Subsidiaries. To the knowledge of Sigma, such Intellectual Property is valid and enforceable. Neither Sigma nor any of the Sigma Subsidiaries has been or is subject to any action or proceeding or has received any written notice, nor is there or has there been any, to the knowledge of Sigma, threatened action, proceeding or notice, regarding the validity, enforceability, ownership, use, infringement, misappropriation, or violation of any such Intellectual Property.
- (v) Neither Sigma nor any of the Sigma Subsidiaries nor any business conducted by Sigma or the Sigma Subsidiaries has infringed, misappropriated or otherwise violated, or infringes, misappropriates or otherwise violates, any Intellectual Property owned by any Person in any country in which Sigma or any of the Sigma Subsidiaries conducts, or has conducted, any business (including manufacturing, use, sale, offer to sell, marketing, distribution, provision, import or export of any products or services). To the knowledge of Sigma, no Person has infringed, misappropriated or otherwise violated, and, to the knowledge of Sigma, no Person is currently infringing, misappropriating or otherwise violating, any of the Intellectual Property owned by Sigma and the Sigma Subsidiaries.
- (vi) To the extent any Intellectual Property has been created in whole or in part by current or past employees, consultants or independent contractors of or service providers to Sigma or any Sigma Subsidiary, any rights therein of such Persons have been irrevocably assigned in writing to Sigma or the Sigma Subsidiary, as applicable, and no such Person has asserted any claim in respect of any moral rights in such Person's contribution to such Intellectual Property or any component thereof and all such moral rights have been waived by such Person.
- (vii) Sigma and the Sigma Subsidiaries have taken all actions reasonably necessary to maintain and protect all Intellectual Property, information technology systems and personal data owned or used by Sigma or the Sigma Subsidiaries, including the confidentiality, integrity and security thereof, and none of such information has become, to the knowledge of Sigma, part of the public domain or knowledge. Such information technology systems are fully functional, and are and will be sufficient for the immediate and currently anticipated future needs of Sigma and the Sigma Subsidiaries. Neither Sigma nor the Sigma Subsidiaries have had any incident of security breach relating to any such information technology system or personal data.

- (viii) To the extent that any such Intellectual Property is licensed or disclosed to any Person by Sigma, or a Sigma Subsidiary, as applicable, or any Person has been provided access by Sigma or a Sigma Subsidiary, as applicable, to any such Intellectual Property (including but not limited to any employee, officer, director, shareholder, consultant, contractor or service provider of Sigma), Sigma or the Sigma Subsidiary, as applicable, has entered into a valid and enforceable written agreement which contains terms and conditions prohibiting the unauthorized use, reproduction, disclosure, reverse engineering or transfer of such Intellectual Property by such Person and, to the knowledge of Sigma, there has been no breach of any such agreement. To the knowledge of Sigma, no Person has inappropriately used, reproduced, divulged or misappropriated any such confidential proprietary information or has reverse engineered or is attempting to reverse engineer any of the Intellectual Property owned by, licensed to or otherwise held by Sigma or the Sigma Subsidiaries, as applicable.
- (ix) All of the Intellectual Property owned by, licensed to or otherwise held by Sigma or a Sigma Subsidiary, as applicable, has been maintained and renewed in accordance with all applicable laws and Sigma's business objectives.
- (x) All applications for registration of any Intellectual Property owned by, licensed to or otherwise held by Sigma or a Sigma Subsidiary, as applicable, are in good standing, and have been filed in a timely manner in the appropriate offices to preserve the rights thereto and, in the case of a provisional patent application, all right, title and interest in and to the invention(s) disclosed in such provisional patent application have been assigned in writing (without any express right to revoke such assignment) to Sigma or the Sigma Subsidiary, as applicable. Such applications for registration have been prosecuted, and are being prosecuted, diligently. There has been no public disclosure, sale or offer for sale of any Intellectual Property owned by, licensed to or otherwise held by Sigma or other information that may prevent the valid issue of all available Intellectual Property rights in such Intellectual Property. All material prior art or other information has been disclosed to the appropriate offices as required according to the local laws in the jurisdictions where the patent applications owned by, licensed to or otherwise held by Sigma or a Sigma Subsidiary, as applicable, are pending.
- (q) Research and Development. All product research and development activities, including quality assurance, quality control, testing, and research and analysis activities, conducted by or on behalf of Sigma or any Sigma Subsidiary in connection with their respective business are being conducted in accordance with best industry practices and in compliance with all industry, safety, management and training standards and regulations applicable to their business; all processes, procedures and practices, required in connection with such activities, are in place as necessary to satisfy best industry practices and are being complied with, in all material respects.
- (r) Data Security. Sigma and the Sigma Subsidiaries, as applicable, have made back-ups of all material Software and databases used by them and maintain such back-ups at a secure off-site location. Each of Sigma and the Sigma Subsidiaries, as applicable, has taken all reasonable steps (i) to maintain the integrity and security of its systems and network infrastructure in connection with their business, and (ii) to protect the information technology and communication systems used in connection with their business from contamination, corruption, computer viruses, firewall breaches, sabotage, hacking or

other software routines or hardware components that would permit unauthorized access or the unauthorized disablement, theft or erasure of its information technology or communication systems or Software. Sigma and the Sigma Subsidiaries, as applicable, have disaster recovery and security plans and procedures in place and to their knowledge, there have been no material unauthorized intrusions into, breaches of the security of, or unauthorized disablement, theft or erasure of, the information technology, communication systems or Software used in connection with their business.

(s) Tax Matters.

- (i) Each of Sigma and the Sigma Subsidiaries has duly and timely made or prepared all Tax Returns required to be made or prepared by it, has duly and timely filed in the prescribed form all Tax Returns required to be filed by it with the appropriate Governmental Entity and has, in all material respects, completely and correctly reported all income and all other amounts or information required to be reported thereon. Sigma has furnished or made available to NanoXplore complete and accurate copies of all Tax Returns, and any amendments thereto, filed by Sigma and each of the Sigma Subsidiaries for the preceding three taxable years.
- (ii) Each of Sigma and the Sigma Subsidiaries has (A) duly and timely paid all Taxes due and payable by it other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the most recently published financial statements of Sigma, (B) duly and timely withheld all Taxes and other amounts required by Law to be withheld by it and has duly and timely remitted to the appropriate Governmental Entity such Taxes and other amounts required by Law to be remitted by it, and (C) duly and timely collected all amounts on account of sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by Law to be collected by it and has duly and timely remitted to the appropriate Governmental Entity any such amounts required by Law to be remitted by it.
- (iii) Any charges, accruals and reserves for Taxes reflected on the Sigma Financial Statements (whether or not due and whether or not shown on any Tax Return but excluding any provision for deferred income taxes) are, in the opinion of Sigma, adequate under IFRS to cover Taxes with respect to Sigma and the Sigma Subsidiaries accruing through the date hereof.
- (iv) There are no disputes, proceedings, investigations, audits, assessments, reassessments or claims now pending or to the knowledge of Sigma, threatened against either Sigma or the Sigma Subsidiaries that propose to assess material Taxes in addition to those reported in the Tax Returns. There are no liens for Taxes upon any of the assets or properties that have not been paid by Sigma or the Sigma Subsidiaries.

- (t) Pension and Employee Benefits. Sigma and the Sigma Subsidiaries have complied, in all material respects, with all of the terms of the pension and other employee compensation and benefit obligations of Sigma and the Sigma Subsidiaries including the provisions of any collective agreements, funding and investment contracts or obligations applicable thereto, arising under or relating to each of the pension or retirement income plans or other employee compensation or benefit plans, agreements, policies, programs,

arrangements or practices, whether written or oral, which are maintained by or binding upon Sigma or the Sigma Subsidiaries as the case may be.

- (u) Reports. Since April 30, 2017, Sigma has filed with all applicable Securities Authorities, the TSXV and all applicable self-regulatory authorities a true and complete copy of all material forms, reports, schedules, statements, certifications, material change reports and other documents required to be filed by it (such forms, reports, schedules, statements, certifications and other documents, including any financial statements or other documents, including any schedules included therein, are referred to herein as the "**Sigma Documents**"). The Sigma Documents, at the time filed or, if amended, as of the date of such amendment (i) did not contain any misrepresentation (as defined by the Securities Act) and did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and (ii) complied in all material respects with the requirements of applicable securities legislation and the rules, policies and instruments of all Securities Authorities having jurisdiction over Sigma, except where such non-compliance has not had or would not reasonably be expected to have a Material Adverse Effect on Sigma. Sigma has not filed any confidential material change or other report or other document with any Securities Authority, or the TSXV or other self-regulatory authority which at the date hereof remains confidential. No Sigma Subsidiaries is required to file any reports or other documents with any of the Securities Authorities or the TSXV.
- (v) Reporting Status and Securities Laws Matters. Sigma is a "reporting issuer" under securities laws in the provinces of British Columbia, Alberta and Québec and is not on the list of reporting issuers in default under applicable Canadian securities Laws in these provinces. No delisting, suspension of trading in or cease trading order with respect to any securities of Sigma and, to the knowledge of Sigma, no inquiry or investigation (formal or informal) of any Securities Authorities or the TSXV is in effect or ongoing or, to the knowledge of Sigma, expected to be implemented or undertaken with respect to the foregoing.
- (w) Contracts. The Sigma Disclosure Letter includes a complete and accurate list of all Material Contracts of Sigma or of the Sigma Subsidiaries and that are currently in force. A Material Contract means any contract or purchase orders with a single client for an aggregate amount exceeding \$500,000 ("**Sigma Material Contracts**"). All Sigma Material Contracts are in full force and effect, and Sigma or the Sigma Subsidiaries, as the case may be, are entitled to all rights and benefits thereunder in accordance with the terms thereof. Sigma has made available to NanoXplore for inspection true and complete copies of all of the Sigma Material Contracts. All of the Sigma Material Contracts are valid and binding obligations of Sigma or the Sigma Subsidiaries, as the case may be, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction. Sigma and the Sigma Subsidiaries, as the case may be, have complied in all material respects with all terms of the Sigma Material Contracts, have paid all amounts due thereunder of, as and when due, have not waived any rights thereunder and no material default or breach exists in respect thereof on the part of Sigma or the Sigma Subsidiaries or, to the knowledge of Sigma, on the part of any other party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach or trigger a right of

termination of any of the Sigma Material Contracts. As at the date hereof, neither Sigma nor the Sigma Subsidiaries has received written notice that any party to a Sigma Material Contract intends to cancel, terminate or otherwise modify or not renew such Sigma Material Contract, and to the knowledge of Sigma, no such action has been threatened. Except as set out in the Sigma Disclosure Letter, neither Sigma nor the Sigma Subsidiaries is a party to any Material Contract that (i) contains any non-competition obligation, (ii) otherwise restricts in any material way the business of Sigma or the Sigma Subsidiaries, or (iii) would prohibit or restrict the ability of Sigma to complete the Arrangement.

- (x) Certain Contracts. None of Sigma or the Sigma Subsidiaries is a party to or bound by any non-competition agreement or any other agreement, obligation, judgment, injunction, order or decree that purports to (i) limit the manner or the localities in which all or any material portion of their business is conducted, (ii) limit any business practice of Sigma or the Sigma Subsidiaries in any material respect, or (iii) restrict any acquisition or disposition of any property by Sigma or the Sigma Subsidiaries in any material respect.
- (y) Related Party Transactions. Except as contemplated hereby, there are no Contracts or other transactions currently in place between Sigma or the Sigma Subsidiaries, on the one hand, and: (i) to the knowledge of Sigma, any officer or director of Sigma or the Sigma Subsidiaries; (ii) to the knowledge of Sigma, any holder of record or, to the knowledge of Sigma, beneficial owner of 10% fully diluted or more of the Sigma Shares; and (iii) to the knowledge of Sigma, any affiliate or associate of any such, officer, director, holder of record or beneficial owner, on the other hand.
- (z) Expropriation. No part of the property or assets of Sigma or the Sigma Subsidiaries has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been given or commenced nor does Sigma or the Sigma Subsidiaries know of any intent or proposal to give such notice or commence any such proceedings.
- (aa) Registration Rights. No Sigma Shareholder has any right to compel Sigma to register or otherwise qualify the Sigma Shares (or any of them) for public sale or distribution.
- (bb) Brokers. Except as disclosed in writing by Sigma to NanoXplore, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of Sigma.
- (cc) Absence of Cease Trade Orders. No order ceasing or suspending trading in Sigma Shares (or any of them) or any other securities of Sigma is outstanding and no proceedings for this purpose have been instituted or, to the knowledge of Sigma, are pending, contemplated or threatened.
- (dd) Due Diligence Material. All information provided by Sigma to NanoXplore in relation to NanoXplore's due diligence requests is accurate in all material respects as at its respective date as stated therein.
- (ee) Compliance with Laws. Sigma and the Sigma Subsidiaries have complied with and are not in violation of any applicable Law other than such non-compliance or violations that would not, individually or in the aggregate, have a Material Adverse Effect on Sigma.

- (ff) No Option on Assets. No Person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from Sigma or the Sigma Subsidiaries of any of the material assets of Sigma or the Sigma Subsidiaries other than as contemplated for the purposes of this Arrangement Agreement.
- (gg) Investment Company Status. Sigma is not an "investment company" within the meaning of the 1940 Act.
- (hh) Competition Act. The aggregate value of all assets in Canada of Sigma and corporations controlled by Sigma or the annual gross revenues from sales in and from Canada generated from all such assets do not exceed, in either case, \$92 million as determined pursuant to subsection 110(3) of the *Competition Act* (Canada).
- (ii) Taxable Canadian Corporation. Sigma is a "taxable Canadian corporation" within the meaning of the Tax Act.
- (jj) Business Practices. Since April 30, 2017, none of Sigma or the Sigma Subsidiaries nor, to the knowledge of Sigma, any of its or their respective directors, executives, officers, representatives, agents or employees has: (i) used or is using any corporate funds for any illegal contributions, gifts, entertainment or other expenses relating to political activity that would be illegal; (ii) used or is using any corporate funds for any direct or indirect illegal payments to any foreign or domestic governmental officials or employees; (iii) violated or is violating any provision of the *Corruption of Foreign Public Officials Act (Canada)*; (iv) has established or maintained, or is maintaining, any illegal fund of corporate monies or other properties; or (v) made any bribe, illegal rebate, illegal payoff, influence payment, kickback or other illegal payment of any nature.

3.2 Survival of Representations and Warranties

The representations and warranties contained in this Article 3 shall survive the execution and delivery of this Arrangement Agreement and shall expire and be terminated and extinguished on the earlier of the Effective Date and the date on which this Arrangement Agreement is terminated in accordance with its terms. Any investigation by NanoXplore and its advisors shall not mitigate, diminish or affect the representations and warranties of Sigma contained in this Arrangement Agreement.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF NANOXPLORE

4.1 Representations and Warranties of NanoXplore

NanoXplore hereby represents and warrants to Sigma as set forth in this Section 4.01, and hereby acknowledges that Sigma is relying upon such representations and warranties in connection with entering into this Arrangement Agreement and agreeing to complete the Arrangement.

- (a) Organization. NanoXplore and each NanoXplore Subsidiary have been incorporated, are validly subsisting and have full corporate or legal power and authority to own their respective properties and assets and to conduct their respective businesses as currently owned and conducted. NanoXplore and each NanoXplore Subsidiary are registered, licensed or otherwise qualified as an extra-provincial corporation or a foreign corporation in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or

otherwise qualified, other than those jurisdictions where the failure to be so registered, licensed or otherwise qualified would not have a Material Adverse Effect on NanoXplore. All of the outstanding shares of each NanoXplore Subsidiary are validly issued, fully paid and non-assessable. All of the outstanding shares of each NanoXplore Subsidiary are owned, directly, by NanoXplore. Except pursuant to restrictions on transfer contained in the articles or by-laws (or their equivalent) of the respective NanoXplore Subsidiary, the outstanding shares of each NanoXplore Subsidiary are owned by NanoXplore free and clear of all Encumbrances and NanoXplore is not liable to any creditor in respect thereof. Except pursuant to this Arrangement Agreement and the transactions contemplated hereby, there are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any issued or unissued securities of, or interest in any NanoXplore Subsidiary from NanoXplore.

- (b) Capitalization. NanoXplore is authorized to issue an unlimited number of NanoXplore Shares. As at July 3, 2018, there were: (i) 88,526,285 NanoXplore Shares outstanding; (ii) an aggregate of 1,330,465 NanoXplore Shares reserved for issuance under the outstanding NanoXplore Options (iii) an aggregate of 14,538,969 NanoXplore Shares reserved for issuance under the outstanding NanoXplore Warrants. The exercise prices and expiry dates of the NanoXplore Options and NanoXplore Warrants are set out in the NanoXplore Disclosure Letter. Except as disclosed in the NanoXplore Disclosure Letter and pursuant to this Arrangement Agreement and the transactions contemplated hereby, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating NanoXplore or the NanoXplore Subsidiaries to issue or sell any shares of NanoXplore and /or NanoXplore Subsidiaries or any securities or obligations of any kind convertible into or exchangeable for any shares of NanoXplore. All outstanding NanoXplore Shares have been authorized and are validly issued and outstanding as fully paid and non-assessable shares. As of the date hereof, there are no outstanding bonds, debentures or other evidences of indebtedness of NanoXplore having the right to vote with the NanoXplore Shareholders on any matter. There are no outstanding contractual obligations of NanoXplore to repurchase, redeem or otherwise acquire any outstanding NanoXplore Shares or with respect to the voting or disposition of any outstanding NanoXplore Shares.
- (c) Authority. NanoXplore has all necessary power, authority and capacity to enter into this Arrangement Agreement and all other agreements and instruments to be executed by NanoXplore as contemplated by this Arrangement Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Arrangement Agreement by NanoXplore and the completion by NanoXplore of the transactions contemplated by this Arrangement Agreement have been authorized by the directors of NanoXplore and, subject to obtaining the Interim Order and any approvals required by the Interim Order and the Final Order, and providing to the Director any records, information or other documents required in connection with the Arrangement, no other corporate proceedings on the part of NanoXplore are necessary to authorize this Arrangement Agreement or to complete the transactions contemplated hereby. This Arrangement Agreement has been executed and delivered by NanoXplore and constitutes a legal, valid and binding obligation of NanoXplore, enforceable against NanoXplore in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity. Except as

disclosed by NanoXplore in the NanoXplore Disclosure Letter, the execution and delivery by NanoXplore of this Arrangement Agreement and the performance by NanoXplore of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:

- (i) result in a violation, contravention or breach of, require any consent to be obtained under or give rise to any termination rights under any provision of:
 - A. the articles or by-laws (or their equivalent) of NanoXplore;
 - B. assuming NanoXplore has obtained the Interim Order and any approvals required by the Interim Order and the Final Order, any Law, other than any applicable merger control law; or
 - C. any Material Contract, licence or permit to which NanoXplore or the NanoXplore Subsidiaries are bound or is subject to or of which NanoXplore is the beneficiary which in each case, would, individually or in the aggregate, have a Material Adverse Effect on NanoXplore, or
 - D. give rise to any right of termination or acceleration of indebtedness, or cause any indebtedness owing by NanoXplore or the NanoXplore Subsidiaries to come due before its stated maturity or cause any available credit to cease to be available which would, individually or in the aggregate, have a Material Adverse Effect on NanoXplore;
- (ii) result in the imposition of any Encumbrance upon any of the property or assets of NanoXplore or of the NanoXplore Subsidiaries or restrict, hinder, impair or limit the ability of NanoXplore or of the NanoXplore Subsidiaries or to conduct the business of NanoXplore or of the NanoXplore Subsidiaries or as and where it is now being conducted which would, individually or in the aggregate, have a Material Adverse Effect on NanoXplore; or
- (iii) except as disclosed by NanoXplore in the NanoXplore Disclosure Letter, result in any material payment (including severance, unemployment compensation, "golden parachute", bonus or otherwise) becoming due to any director or officer of NanoXplore or of the NanoXplore Subsidiaries or increase any benefits otherwise payable under any pension or benefits plan of NanoXplore or of the NanoXplore Subsidiaries or result in the acceleration of the time of payment or vesting of any such benefits.

No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other Person is required to be obtained by NanoXplore or the NanoXplore Subsidiaries in connection with the execution and delivery of this Arrangement Agreement or the consummation by NanoXplore of the transactions contemplated hereby other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order and any approvals required by the Final Order; (iii) filings required under the CBCA and filings with and approvals required by Securities Authorities and stock exchanges; (iv) any other consents, waivers, permits, orders or approvals referred to in the NanoXplore Disclosure Letter; (v) compliance with and approvals required by any applicable merger control laws; and (vi) any other consents,

approvals, orders, authorizations, declarations or filings which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Effect on NanoXplore.

- (d) The NanoXplore Board has approved the Arrangement pursuant to the Plan of Arrangement and the execution and performance of this Arrangement Agreement.
- (e) NanoXplore Subsidiaries. The only Subsidiaries of NanoXplore are the NanoXplore Subsidiaries.
- (f) No Defaults. None of NanoXplore nor the NanoXplore Subsidiaries is in default under, and, to the knowledge of NanoXplore, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute a default by NanoXplore or the NanoXplore Subsidiaries under any Material Contract, agreement or licence or permit that is material to the conduct of the business of NanoXplore or the NanoXplore Subsidiaries to which any of them is a party or by which either of them is bound that would, individually or in the aggregate, have a Material Adverse Effect on NanoXplore.
- (g) Absence of Changes. Since June 30, 2017, except as publicly disclosed and this Arrangement Agreement:
 - (i) NanoXplore and the NanoXplore Subsidiaries have conducted their business only in the ordinary and regular course of business consistent with past practice;
 - (ii) None of NanoXplore nor the NanoXplore Subsidiaries has not incurred or suffered a Material Adverse Change;
 - (iii) there has not been any acquisition or sale by NanoXplore of any assets material to NanoXplore and the NanoXplore Subsidiaries, taken as a whole;
 - (iv) other than in the ordinary and regular course of business consistent with past practice, there has not been any incurrence, assumption or guarantee by NanoXplore or the NanoXplore Subsidiaries of any debt for borrowed money, or any making by NanoXplore or the NanoXplore Subsidiaries of any loan, advance or capital contribution to, or investment in, any other Person; and
 - (v) NanoXplore has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding NanoXplore Shares
- (h) Financial Matters. The (A) unaudited interim consolidated balance sheets, unaudited interim consolidated statements of income (loss), unaudited interim consolidated statements of comprehensive income (loss), interim consolidated statements of changes in shareholders' equity and interim consolidated statements of cash flows for the periods ended March 31, 2018 and March 31, 2017 and notes thereto, and the related management's discussion and analysis, and (B) audited consolidated balance sheets, audited consolidated statements of loss, audited consolidated statements of comprehensive income (loss), audited consolidated statements of changes in shareholders' equity and audited consolidated statements of cash flows of NanoXplore for the financial years ended June 30, 2017 and June 30, 2016 and the notes thereto and the report by the NanoXplore's auditors thereon, and the related management's discussion and analysis (collectively, the "**NanoXplore Financial Statements**"), were prepared in accordance with IFRS and fairly present in all material respects the consolidated financial

condition of NanoXplore at the respective dates indicated its financial performance and its cash flows for the periods ended March 31, 2018 and March 31, 2017 and the years ended June 30, 2017 and June 30, 2016. None of NanoXplore or the NanoXplore Subsidiaries has any liability or obligation (including, without limitation, liabilities or obligations to fund any operations, to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, not reflected in the NanoXplore Financial Statements, which would reasonably be expected to have a Material Adverse Effect on NanoXplore.

- (i) Internal Controls and Financial Reporting. NanoXplore: (i) has designed disclosure controls and procedures to provide reasonable assurance that financial information relating to NanoXplore, including its consolidated subsidiaries, is accurate and reliable, is made known to the President and Chief Executive Officer and the Chief Financial Officer of NanoXplore by others within those entities, particularly during the periods in which filings are being prepared; (ii) has designed internal controls to provide reasonable assurance regarding the accuracy and reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS; and (iii) has disclosed in the management's discussion and analysis for its most recently completed financial year, for each material weakness relating to design existing at the financial year end (x) a description of the material weakness, (y) the impact of the material weakness on NanoXplore's financial reporting and internal controls over financial reporting; and (z) NanoXplore's further plans, if any, or any actions already undertaken, for remediating the material weakness. NanoXplore has designed a system of internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and such system is effective at the reasonable assurance level.
- (j) Books and Records. The corporate records and minute books of NanoXplore have been maintained in material compliance with all applicable Laws and are complete and accurate in all material respects. Financial books and records and accounts of NanoXplore and the NanoXplore Subsidiaries (i) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice; (ii) are stated in reasonable detail and accurately and fairly reflect the material transactions and acquisitions and dispositions of assets of NanoXplore and the NanoXplore Subsidiaries; and (iii) accurately and fairly reflect the basis for the NanoXplore Financial Statements.
- (k) Litigation. There is no claim, action, proceeding or investigation pending or in progress or, to the knowledge of NanoXplore, threatened against or relating to NanoXplore or affecting any of their respective properties or assets before any Governmental Entity which individually or in the aggregate has, or could reasonably be expected to have, a Material Adverse Effect on NanoXplore. There is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress, or, to the knowledge of NanoXplore, threatened against or relating to NanoXplore before any Governmental Entity. None of NanoXplore nor any of its properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict the right or ability of NanoXplore to conduct its business in all material respects as it has been carried on prior to the date hereof, or that would materially impede the consummation of the transactions contemplated by this Arrangement Agreement, except to the extent any such matter would not have a Material Adverse Effect on NanoXplore.

(l) Operational Matters:

- (i) all rentals, payments and obligations and any other payments due or payable on or prior to the date hereof under or with respect to the assets of NanoXplore and of the NanoXplore Subsidiaries have been properly and timely paid and no claim is due to lapse within 90 days of the date hereof; and
- (ii) each of NanoXplore and the NanoXplore Subsidiaries has all necessary permits required for it to carry on its business as currently conducted, all of which are in full force and effect, and each of them is in compliance with such permits. None of NanoXplore or the NanoXplore Subsidiaries has received oral or written notice relating to the revocation, cancellation expropriation or modification of any such permit.

(m) Insurance. As of the date hereof, NanoXplore and the NanoXplore Subsidiaries have such policies of insurance as are listed in the NanoXplore Disclosure Letter. All insurance maintained by NanoXplore and the NanoXplore Subsidiaries is in full force and effect and in good standing and neither NanoXplore nor the NanoXplore Subsidiaries is in default, whether as to payment of premium or otherwise, under the terms of any such insurance nor has NanoXplore or the NanoXplore Subsidiaries failed to give any notice or present any material claim under any such insurance in a due and timely fashion or received notice or otherwise become aware of any intent of an insurer to either claim any default on the part of NanoXplore or the NanoXplore Subsidiaries or not to renew any policy of insurance on its expiry or to increase any deductible or cost, except where such failure or default or other event would not reasonably be expected to have a Material Adverse Effect. NanoXplore maintains policies of insurance that are reasonable, prudent and appropriate for the size and nature of the business of NanoXplore, and such policies are in full force and effect as of the date hereof.

(n) Environmental.

- (i) Each of NanoXplore and the NanoXplore Subsidiaries has carried on its operations in compliance with all applicable Environmental Laws, except to the extent that a failure to be in such compliance, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on NanoXplore.
- (ii) To the knowledge of NanoXplore, none of NanoXplore or the NanoXplore Subsidiaries has treated or disposed, or arranged for the treatment or disposal, of any Hazardous Substances at any location: (A) listed on any list of hazardous sites or sites requiring Remedial Action issued by any Governmental Entity; (B) proposed for listing on any list issued by any Governmental Entity of hazardous sites or sites requiring Remedial Action, or any similar federal, state or provincial lists; or (C) which is the subject of enforcement actions by any Governmental Entity that creates the reasonable potential for any proceeding, action, or other claim against NanoXplore or the NanoXplore Subsidiaries. To the knowledge of NanoXplore, no site or facility now or previously owned, operated or leased by NanoXplore or the NanoXplore Subsidiaries is listed or, to the knowledge of NanoXplore, is proposed for listing on any list issued by any Governmental Entity of hazardous sites or sites requiring Remedial Action or is the subject of Remedial Action.

- (iii) None of NanoXplore or the NanoXplore Subsidiaries has received from any Person or Governmental Entity any notice, formal or informal, of any proceeding, action or other claim, Liability or potential Liability arising under any Environmental Law that is pending as of the date hereof.
- (o) Intellectual Property.
 - (i) Each of NanoXplore and the NanoXplore Subsidiaries, as applicable, validly owns or possesses all necessary rights and interests in and to all Intellectual Property set forth or required to be set forth in the NanoXplore Disclosure Letter, free and clear of all Encumbrances.
 - (ii) All Intellectual Property used or held for use by, or necessary for NanoXplore and the NanoXplore Subsidiaries in the carrying on of their business is either owned by (free and clear of all Encumbrances) or licensed to NanoXplore and the NanoXplore Subsidiaries. Such Intellectual Property is in full force and effect and no default exists on the part of NanoXplore or any of the NanoXplore Subsidiaries. To the knowledge of NanoXplore, such Intellectual Property is valid and enforceable. Neither NanoXplore nor any of the NanoXplore Subsidiaries has been or is subject to any action or proceeding or has received any written notice, nor is there or has there been any, to the knowledge of NanoXplore, threatened action, proceeding or notice, regarding the validity, enforceability, ownership, use, infringement, misappropriation, or violation of any such Intellectual Property.
 - (iii) Neither NanoXplore nor any of the NanoXplore Subsidiaries nor any business conducted by NanoXplore or the NanoXplore Subsidiaries has infringed, misappropriated or otherwise violated, or infringes, misappropriates or otherwise violates, any Intellectual Property owned by any Person in any country in which NanoXplore or any of the NanoXplore Subsidiaries conducts, or has conducted, any business (including manufacturing, use, sale, offer to sell, marketing, distribution, provision, import or export of any products or services). To the knowledge of NanoXplore, no Person has infringed, misappropriated or otherwise violated, and, to the knowledge of NanoXplore, no Person is currently infringing, misappropriating or otherwise violating, any of the Intellectual Property owned by NanoXplore and the NanoXplore Subsidiaries.
 - (iv) To the extent any Intellectual Property has been created in whole or in part by current or past employees, consultants or independent contractors of or service providers to NanoXplore or any NanoXplore Subsidiary, any rights therein of such Persons have been irrevocably assigned in writing to NanoXplore or the NanoXplore Subsidiary, as applicable, and no such Person has asserted any claim in respect of any moral rights in such Person's contribution to such Intellectual Property or any component thereof and all such moral rights have been waived by such Person.
 - (v) NanoXplore and the NanoXplore Subsidiaries have taken all actions reasonably necessary to maintain and protect all Intellectual Property, information technology systems and personal data owned or used by NanoXplore or the NanoXplore Subsidiaries, including the confidentiality, integrity and security thereof, and none of such information has become, to the knowledge of

NanoXplore, part of the public domain or knowledge. Such information technology systems are fully functional, and are and will be sufficient for the immediate and currently anticipated future needs of NanoXplore and the NanoXplore Subsidiaries. Neither NanoXplore nor the NanoXplore Subsidiaries have had any incident of security breach relating to any such information technology system or personal data.

- (vi) To the extent that any such Intellectual Property is licensed or disclosed to any Person by NanoXplore, or a NanoXplore Subsidiary, as applicable, or any Person has been provided access by NanoXplore or a NanoXplore Subsidiary, as applicable, to any such Intellectual Property (including but not limited to any employee, officer, director, shareholder, consultant, contractor or service provider of NanoXplore), NanoXplore or the NanoXplore Subsidiary, as applicable, has entered into a valid and enforceable written agreement which contains terms and conditions prohibiting the unauthorized use, reproduction, disclosure, reverse engineering or transfer of such Intellectual Property by such Person and, to the knowledge of NanoXplore, there has been no breach of any such agreement. To the knowledge of NanoXplore, no Person has inappropriately used, reproduced, divulged or misappropriated any such confidential proprietary information or has reverse engineered or is attempting to reverse engineer any of the Intellectual Property owned by, licensed to or otherwise held by NanoXplore or the NanoXplore Subsidiaries, as applicable.
- (vii) All of the Intellectual Property owned by, licensed to or otherwise held by NanoXplore or a NanoXplore Subsidiary, as applicable, has been maintained and renewed in accordance with all applicable laws and NanoXplore's business objectives.
- (viii) All applications for registration of any Intellectual Property owned by, licensed to or otherwise held by NanoXplore or a NanoXplore Subsidiary, as applicable, are in good standing, and have been filed in a timely manner in the appropriate offices to preserve the rights thereto and, in the case of a provisional patent application, all right, title and interest in and to the invention(s) disclosed in such provisional patent application have been assigned in writing (without any express right to revoke such assignment) to NanoXplore or the NanoXplore Subsidiary, as applicable. Such applications for registration have been prosecuted, and are being prosecuted, diligently. There has been no public disclosure, sale or offer for sale of any Intellectual Property owned by, licensed to or otherwise held by NanoXplore or other information that may prevent the valid issue of all available Intellectual Property rights in such Intellectual Property. All material prior art or other information has been disclosed to the appropriate offices as required according to the local laws in the jurisdictions where the patent applications owned by, licensed to or otherwise held by NanoXplore or a NanoXplore Subsidiary, as applicable, are pending.
- (p) Research and Development. All product research and development activities, including quality assurance, quality control, testing, and research and analysis activities, conducted by or on behalf of NanoXplore or any NanoXplore Subsidiary in connection with their respective business are being conducted in accordance with best industry practices and in compliance with all industry, safety, management and training standards and regulations applicable to their business; all processes, procedures and practices, required in

connection with such activities, are in place as necessary to satisfy best industry practices and are being complied with, in all material respects.

(q) Tax Matters.

- (i) Each of NanoXplore and the NanoXplore Subsidiaries have duly and timely made or prepared all Tax Returns required to be made or prepared by them, has duly and timely filed in the prescribed form all Tax Returns required to be filed by it with the appropriate Governmental Entity and has, in all material respects, completely and correctly reported all income and all other amounts or information required to be reported thereon.
- (ii) Each of NanoXplore and the NanoXplore Subsidiaries have (A) duly and timely paid all Taxes due and payable by them other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the most recently published financial statements of NanoXplore, (B) duly and timely withheld all Taxes and other amounts required by Law to be withheld by them and have duly and timely remitted to the appropriate Governmental Entity such Taxes and other amounts required by Law to be remitted by them, and (C) duly and timely collected all amounts on account of sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by Law to be collected by them and have duly and timely remitted to the appropriate Governmental Entity any such amounts required by Law to be remitted by them.
- (iii) Any charges, accruals and reserves for Taxes reflected on the NanoXplore Financial Statements (whether or not due and whether or not shown on any Tax Return but excluding any provision for deferred income taxes) are, in the opinion of NanoXplore, adequate under IFRS to cover Taxes with respect to NanoXplore and the NanoXplore Subsidiaries accruing through the date hereof.
- (iv) There are no disputes, proceedings, investigations, audits, assessments, reassessments or claims now pending or to the knowledge of NanoXplore, threatened against either NanoXplore or the NanoXplore Subsidiaries that propose to assess material Taxes in addition to those reported in the Tax Returns. There are no liens for Taxes upon any of the assets or properties that have not been paid by NanoXplore or the NanoXplore Subsidiaries.

- (r) Reports. Since June 30, 2017, NanoXplore has filed with all applicable Securities Authorities, the TSXV and all applicable self-regulatory authorities a true and complete copy of all material forms, reports, schedules, statements, certifications, material change reports and other documents required to be filed by it (such forms, reports, schedules, statements, certifications and other documents, including any financial statements or other documents, including any schedules included therein, are referred to herein as the "**NanoXplore Documents**"). The NanoXplore Documents, at the time filed or, if amended, as of the date of such amendment (i) did not contain any misrepresentation (as defined by the Securities Act) and did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and (ii) complied in all material respects with the requirements of applicable securities legislation and the rules, policies and instruments of all Securities Authorities having jurisdiction over NanoXplore

except where such non-compliance has not had or would not reasonably be expected to have a Material Adverse Effect on NanoXplore. NanoXplore has not filed any confidential material change or other report or other document with any Securities Authority or the TSXV or other self-regulatory authority which at the date hereof remains confidential. No NanoXplore Subsidiary is required to file any reports or other documents with any of the Securities Authorities or the TSXV.

- (s) Reporting Status and Securities Laws Matters. NanoXplore is a "reporting issuer" under securities laws in the provinces of British Columbia, Alberta, Ontario and Québec and is not on the list of reporting issuers in default under applicable Canadian securities Laws in these provinces. No delisting, suspension of trading in or cease trading order with respect to any securities of NanoXplore and, to the knowledge of NanoXplore, no inquiry or investigation (formal or informal) of any Securities Authorities or TSXV is in effect or ongoing or, to the knowledge of NanoXplore, expected to be implemented or undertaken with respect to the foregoing.
- (t) Absence of Cease Trade Orders. No order ceasing or suspending trading in NanoXplore Shares (or any of them) or any other securities of NanoXplore is outstanding and no proceedings for this purpose have been instituted or, to the knowledge of NanoXplore, are pending, contemplated or threatened.
- (u) Due Diligence Material. All information provided by NanoXplore to Sigma in relation to Sigma's due diligence requests is accurate in all material respects as at its respective date as stated therein.
- (v) Compliance with Laws. NanoXplore has complied with and is not in violation of any applicable Law other than such non-compliance or violations that would not, individually or in the aggregate, have a Material Adverse Effect on NanoXplore.
- (w) No Option on Assets. No Person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from NanoXplore or the NanoXplore Subsidiaries of any of the material assets of NanoXplore other than as contemplated for the purposes of this Arrangement Agreement or as disclosed in the NanoXplore Disclosure Letter.
- (x) Contracts. The NanoXplore Disclosure Letter includes a complete and accurate list of all Material Contracts of NanoXplore that are currently in force ("**NanoXplore Material Contracts**"). All NanoXplore Material Contracts are in full force and effect, and NanoXplore and the NanoXplore Subsidiaries are entitled to all rights and benefits thereunder in accordance with the terms thereof. NanoXplore has made available to Sigma for inspection true and complete copies of all of the NanoXplore Material Contracts. All of the NanoXplore Material Contracts are valid and binding obligations of NanoXplore, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction. NanoXplore and the NanoXplore Subsidiaries have complied in all material respects with all terms of the NanoXplore Material Contracts, have paid all amounts due thereunder of, as and when due, have not waived any rights thereunder and no material default or breach exists in respect thereof on the part of NanoXplore or the NanoXplore Subsidiaries or, to the knowledge of NanoXplore, on the part of any other party thereto, and no event has

occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach or trigger a right of termination of any of the NanoXplore Material Contracts. As at the date hereof, neither NanoXplore nor the NanoXplore Subsidiaries has received written notice that any party to a NanoXplore Material Contract intends to cancel, terminate or otherwise modify or not renew such NanoXplore Material Contract, and to the knowledge of NanoXplore, no such action has been threatened. NanoXplore is not a party to any Material Contract that (i) contains any non-competition obligation, (ii) otherwise restricts in any material way the business of NanoXplore, or (iii) would prohibit or restrict the ability of NanoXplore to complete the Arrangement.

- (y) Certain Contracts. None of NanoXplore or the NanoXplore Subsidiaries are a party to or bound by any non-competition agreement or any other agreement, obligation, judgment, injunction, order or decree that purports to (i) limit the manner or the localities in which all or any material portion of their business is conducted, (ii) limit any business practice of NanoXplore in any material respect, or (iii) restrict any acquisition or disposition of any property by NanoXplore or the NanoXplore Subsidiaries in any material respect.
- (z) Related Party Transactions. Except as contemplated hereby or as disclosed in the NanoXplore Disclosure Letter, there are no Contracts or other transactions currently in place between NanoXplore or the NanoXplore Subsidiaries on the one hand, and: (i) to the knowledge of NanoXplore, any officer or director of NanoXplore or the NanoXplore Subsidiaries; (ii) to the knowledge of NanoXplore, any holder of record or, to the knowledge of NanoXplore, beneficial owner of 10% or more of the NanoXplore Shares; and (iii) to the knowledge of NanoXplore, any affiliate or associate of any such, officer, director, holder of record or beneficial owner, on the other hand;
- (aa) Expropriation. No part of the property or assets of NanoXplore or the NanoXplore Subsidiaries has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been given or commenced nor does NanoXplore or the NanoXplore Subsidiaries know of any intent or proposal to give such notice or commence any such proceedings.
- (bb) Investment Canada Act. NanoXplore is Canadian-controlled for purposes of the Investment Canada Act.
- (cc) Ownership of Sigma Shares. Neither NanoXplore nor its "affiliates" (as such term is defined in the CBCA) beneficially owns any Sigma Shares or any securities exercisable or convertible into Sigma Shares.
- (dd) Certain Securities Law Matters. The NanoXplore Shares to be issued in connection with the transactions contemplated herein will not be subject to any statutory hold or restricted period under the securities legislation of any province or territory of Canada and, subject to restrictions contained in Section 2.6(3) of National Instrument 45-102 – *Resale of Securities* of the Canadian Securities Administrators, will be freely tradable within Canada by the holders thereof.
- (ee) Business Practices. Since April 30, 2017, none of NanoXplore or the NanoXplore Subsidiaries or, to the knowledge of NanoXplore, any of its or their respective directors, executives, officers, representatives, agents or employees has: (i) used or is using any corporate funds for any illegal contributions, gifts, entertainment or other expenses relating to political activity that would be illegal; (ii) used or is using any corporate funds

for any direct or indirect illegal payments to any foreign or domestic governmental officials or employees; (iii) violated or is violating any provision of the *Corruption of Foreign Public Officials Act (Canada)*; (iv) has established or maintained, or is maintaining, any illegal fund of corporate monies or other properties; or (v) made any bribe, illegal rebate, illegal payoff, influence payment, kickback or other illegal payment of any nature.

4.2 Survival of Representations and Warranties

The representations and warranties contained in this Article 4 shall survive and continue in full force and effect for the benefit of the Sigma Shareholders for a period of two years following the Effective Date notwithstanding any subsequent disposition by the Sigma Shareholders of any of the NanoXplore Shares received as Arrangement Consideration.

NanoXplore agrees to indemnify the Sigma Shareholders from and against any and all loss, liability, claim, damage and expense whatsoever including, but not limited to, any fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any litigation, administrative proceeding or investigation commenced or threatened or any claim whatsoever arising out of or based upon any representation or warranty of NanoXplore contained herein or in any document furnished by NanoXplore to Sigma in connection herewith being untrue in any material respect or any breach or failure by NanoXplore to comply with any covenant or agreement made by NanoXplore herein or in any document furnished by the NanoXplore to Sigma in connection herewith. The provision of this section 4.02 are intended for the benefit of, and shall be enforceable by, each Sigma Shareholders, its heirs and its legal representatives. Any investigation by Sigma and its advisors shall not mitigate, diminish or affect the representations and warranties of NanoXplore contained in this Arrangement Agreement.

ARTICLE 5 COVENANTS

5.1 Covenants of Sigma

Subject to the terms of this Arrangement Agreement, Sigma hereby covenants and agrees with NanoXplore as follows:

- (a) Interim Order. As soon as reasonably practicable, and in any event no later than July 17, 2018, Sigma shall file, proceed with and diligently prosecute an application to the Court for the Interim Order in accordance with Section 2.02(a).
- (b) Sigma Meeting. Sigma shall:
 - (i) forthwith carry out such terms of the Interim Order as are required under the terms thereof to be carried out by Sigma;
 - (ii) collaboratively together with NanoXplore, prepare and file the Circular (which shall be in a form satisfactory to each of the Parties and their respective legal counsel acting reasonably), together with any other documents required by applicable Laws, in all jurisdictions where the Circular is required to be filed and mail the Circular, as ordered by the Interim Order and in accordance with all applicable Laws, in and to all jurisdictions where the Circular is required to be mailed, complying in all material respects with all applicable Laws on the date of

the mailing thereof and in the form and containing the information required by all applicable Laws, including all applicable corporate and securities legislation and requirements, and not containing any misrepresentation (as defined under applicable securities legislation and requirements) with respect thereto, other than with respect to any information relating to and provided by NanoXplore;

- (iii) Sigma shall, subject to the terms of this Arrangement and compliance by the directors and officers of Sigma with their fiduciary duties: (A) recommend to all Sigma Shareholders that they vote in favour of the Arrangement Resolution and the sale of the Sigma Debentures, with a unanimous recommendation of the Sigma Board and the Special Committee to vote in favour of the Arrangement Resolution; (C) not, prior to obtaining Sigma Shareholder Approval, withdraw, amend, modify or qualify, in a manner adverse to NanoXplore, or fail to reaffirm its recommendation of, the Arrangement within five Business Days (and in any case prior to the Sigma Meeting) after having been requested in writing by NanoXplore to do so, in a manner adverse to NanoXplore, (it being understood that the taking of a neutral position or no position with respect to an Acquisition Proposal beyond a period of five Business Days or beyond the date which is the day prior to the date proxies in respect of the Sigma Meeting must be deposited shall be considered an adverse modification) (a "**Change in Sigma Recommendation**") except as expressly permitted by 8.02 and Section 8.03 hereof;
 - (iv) convene and conduct the Sigma Meeting in accordance with Sigma's articles, by-laws and applicable Laws as soon as reasonably practicable and in any event no later than September 30, 2018;
 - (v) provide notice to NanoXplore of the Sigma Meeting and all steps in the application before the Court and allow representatives of NanoXplore to attend the Sigma Meeting;
 - (vi) conduct the Sigma Meeting in accordance with the Interim Order, the CBCA, the articles of Sigma and applicable Laws; and
 - (vii) take all such actions as may be required under the CBCA in connection with the transactions contemplated by this Arrangement Agreement and the Plan of Arrangement.
- (c) Status of Voting. Sigma will use its reasonable best efforts to advise NanoXplore, at least on a daily basis on each of the ten Business Days prior to the date of the Sigma Meeting, as to the aggregate tally of the proxies received by Sigma in respect of the Arrangement Resolution and the sale of the Sigma Debentures.
- (d) Information for Circular. In a timely manner, NanoXplore shall provide to Sigma all information as may be reasonably requested by Sigma or as required by applicable Laws with respect to NanoXplore and its business for inclusion in the Circular or in any amendment or supplement to the Circular that complies in all material respects with all applicable Laws on the date of the mailing thereof and containing all material facts relating to NanoXplore required to be disclosed in the Circular and not containing any misrepresentation (as defined under applicable securities legislation) with respect thereto. NanoXplore hereby agrees to indemnify and save harmless Sigma, its Subsidiaries and

their respective Representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which Sigma, any of its Subsidiaries or any of their respective Representatives may be subject or may suffer as a result of, or arising from, any misrepresentation or alleged misrepresentation contained in any information included in the Sigma Circular that was provided by NanoXplore pursuant to this section, including as a result of any order made, or any inquiry, investigation or proceeding instituted by any Securities Authorities or other Governmental Entity based on such a misrepresentation or alleged misrepresentation.

- (e) Adjournment. Subject to the terms of this Arrangement Agreement, Sigma shall not adjourn, postpone or cancel the Sigma Meeting (or propose to do so), except (i) if quorum is not present at the Sigma Meeting; (ii) if required by applicable Laws or a ruling order or decree of a court having jurisdiction, Governmental Entity or other regulatory authority; or (iii) if otherwise agreed with NanoXplore.
- (f) Dissent Rights. Sigma shall provide NanoXplore with a copy of any purported exercise of the Dissent Rights and written communications with any Sigma Shareholder purportedly exercising such Dissent Rights, and shall not settle or compromise any action brought by any present, former or purported holder of any of its securities in connection with the transactions contemplated by this Arrangement Agreement, including the Arrangement, without the prior consent of NanoXplore.
- (g) Amendments to Circular. In a timely and expeditious manner, NanoXplore and Sigma shall collaboratively prepare and file any mutually agreed (or as otherwise required by applicable Laws) amendments or supplements to the Circular (which amendments or supplements shall be in a form acceptable to NanoXplore, acting reasonably) with respect to the Sigma Meeting and mail such amendments or supplements, as required by the Interim Order and in accordance with all applicable Laws, in and to all jurisdictions where such amendments or supplements are required to be mailed, complying in all material respects with all applicable Laws on the date of the mailing thereof.
- (h) Final Order. Subject to the approval of the Arrangement Resolution in accordance with the provisions of the Interim Order, Sigma shall forthwith file, proceed with and diligently prosecute an application for the Final Order, which application shall be in form and substance satisfactory to NanoXplore, acting reasonably.
- (i) Compliance with Orders. Sigma shall forthwith carry out the terms of the Interim Order and the Final Order.
- (j) Copy of Documents. Sigma shall furnish promptly to NanoXplore a copy of each notice, report, schedule or other document or communication delivered, filed or received by Sigma in connection with this Arrangement Agreement, the Arrangement, the Interim Order, the Final Order, the Sigma Meeting or any other meeting at which all Sigma Shareholders are entitled to attend relating to special business, any filings made under any applicable Laws and any dealings or communications with any Governmental Entity, Securities Authority or stock exchange in connection with, or in any way affecting, the transactions contemplated by this Arrangement Agreement.
- (k) Usual Business. Except as contemplated herein, Sigma shall, and shall cause the Sigma Subsidiaries to, conduct business only in, and not take any action except in, the ordinary course of business and consistent with past practice.

- (l) Certain Actions Prohibited. Other than as disclosed by Sigma in the Sigma Disclosure Letter or except as contemplated herein, Sigma shall not, without the prior written consent of NanoXplore, which consent shall not be unreasonably withheld, conditioned or delayed, directly or indirectly do or permit to occur any of the following except where to do so would be in the ordinary course of business and consistent with past practice:
- (i) issue, sell, grant, pledge, lease or dispose of or agree to issue, sell, grant, pledge, lease or dispose of any Sigma Shares or any Sigma Options, warrants, calls, conversion privileges or rights of any kind to acquire any Sigma Shares, create any Encumbrance on the shares of the Sigma Subsidiaries, or permit the Sigma Subsidiaries to issue, sell, or agree to issue, sell, pledge, lease, dispose of, any shares of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any shares of the Sigma Subsidiaries; other than the issue of Sigma Shares pursuant to the exercise of Sigma Options issued and outstanding on the date hereof;
 - (ii) other than pursuant to obligations or rights under existing contracts, agreements and commitments (to the extent such rights have been exercised or initiated by other Persons), sell, lease or otherwise dispose of, or permit the Sigma Subsidiaries to sell, lease or otherwise dispose of, any Sigma assets having a value greater than \$500,000 or enter into any agreement or commitment in respect of any of the foregoing;
 - (iii) abandon or fail to diligently pursue any application to renew any existing licence, permit, order, claim, authorization, consent, approval (including Environmental Approvals) or registration related to Sigma's business and activities;
 - (iv) amend or propose to amend the articles or by-laws of Sigma or the Sigma Subsidiaries as they exist at the date of this Arrangement Agreement;
 - (v) split, combine or reclassify any of the shares of Sigma or the Sigma Subsidiaries;
 - (vi) redeem, purchase or offer to purchase, or permit a Sigma Subsidiaries to redeem, purchase or offer to purchase, any Sigma Shares, Sigma Options or obligations or rights under existing contracts, agreements and commitments;
 - (vii) reorganize, amalgamate or merge Sigma or the Sigma Subsidiaries;
 - (viii) acquire or agree to acquire any corporation or other entity (or material interest therein) or division of any corporation or other entity, or permit the Sigma Subsidiaries to acquire or agree to acquire any corporation or other entity (or material interest therein) or division of any corporation or other entity;
 - (ix) (A) settle, pay, discharge, satisfy, compromise, waive, assign or release, in an amount greater than \$500,000, (i) any action, claim or proceeding brought by or against Sigma and/or the Sigma Subsidiaries, or (ii) any action, claim or proceeding brought by or against any present, former or purported holder of its securities in connection with the transactions contemplated by this Arrangement Agreement or the Plan of Arrangement; (B) relinquish any contractual rights that are, individually or in the aggregate, in an amount in excess of \$500,000; or (C) enter into any interest rate, currency or commodity swaps, hedges, caps,

collars, forward sales or other similar financial instruments other than in the ordinary and regular course of business and not for speculative purposes;

- (x) incur, authorize, agree or otherwise become committed to provide guarantees for borrowed money or incur, authorize, agree or otherwise become committed for any indebtedness for borrowed money, or permit the Sigma Subsidiaries to incur, authorize, agree or otherwise become committed to provide guarantees for borrowed money or incur, authorize, agree or otherwise become committed for any indebtedness for borrowed money;
 - (xi) except as required by IFRS or any applicable Law, make any changes to the existing accounting practices of Sigma;
 - (xii) approve any plan, program or budget for Sigma or amend or revise any existing budget for Sigma including, but not limited;
 - (xiii) incur or commit to incur any expenditure for an amount in excess of \$500,000;
 - (xiv) enter into, or cause the Sigma Subsidiaries to enter into, new commitments of a capital expenditure nature or incur any new contingent liabilities other than (A) ordinary course expenditures; (B) expenditures required by Law; and (C) expenditures made in connection with transactions contemplated in this Arrangement Agreement;
 - (xv) Sigma shall not initiate any material discussion, negotiations or filings with any Governmental Entity regarding any matter (including with respect to the Arrangement or the transactions contemplated by this Arrangement Agreement) without the prior consent of NanoXplore such consent not to be unreasonably withheld, and further agrees to provide NanoXplore with immediate notice of any material communication (whether oral or written) from a Governmental Entity, including a copy of any written communication;
 - (xvi) create any new obligations or liabilities or modify or in any manner amend any existing obligations and liabilities to pay any amount, including loan amounts, to its or their officers, directors, employees and consultants, other than for salary, bonuses under its or their existing bonus arrangements and directors' fees in the ordinary course, in each case in amounts consistent with historic practices and obligations or liabilities or arising in the ordinary and usual course of business;
 - (xvii) adopt or amend or make any contribution to the Sigma Stock Option Plan, or any other bonus, profit sharing, option, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees, except as is necessary to comply with Laws or with respect to existing provisions of any such plans, programs, arrangements or agreements; or
 - (xviii) make any material Tax election, materially change any method of Tax accounting or settle or compromise any Tax liability of Sigma or the Sigma Subsidiaries.
- (m) Insurance. Sigma shall use its commercially reasonable efforts, and shall cause the Sigma Subsidiaries to use their commercially reasonable efforts, to cause their respective current

insurance (or reinsurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of internationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect.

- (n) Employment Arrangements. Sigma shall not, without the prior written consent of NanoXplore, such consent not to be unreasonably withheld, and shall cause the Sigma Subsidiaries not to, enter into or modify any employment, consulting, severance, collective bargaining or similar agreement, policy or arrangement with, or grant any option to purchase shares, pension or supplemental pension benefit, profit sharing, retirement allowance, deferred compensation, incentive compensation, severance, change of control or termination pay to any officer, director, employee or consultant of Sigma or the Sigma Subsidiaries.
- (o) Certain Actions. Sigma shall:
 - (i) not take any action or permit any action to be taken or not taken by Sigma, inconsistent with the provisions of this Arrangement Agreement or which would reasonably be expected to materially impede the completion of the transactions contemplated hereby; and
 - (ii) promptly notify NanoXplore of (A) any Material Adverse Change or Material Adverse Effect, or any change, event, occurrence or effect that could reasonably be expected to become a Material Adverse Change or to have a Material Adverse Effect, in respect of the business or in the conduct of the business of Sigma, (B) any Governmental Entity or third Person making a material complaint, investigation or hearing (or communications indicating that the same may be contemplated) with respect to the transactions contemplated by this Arrangement Agreement, (C) any breach by Sigma of any covenant or agreement contained in this Arrangement Agreement, and (D) any event occurring subsequent to the date hereof that would render any representation or warranty of Sigma contained in this Arrangement Agreement, if made on or as of the date of such event or the Effective Date, to be untrue or inaccurate such that the condition set forth in Section 6.03(a) would not be satisfied.
- (p) No Compromise. Sigma shall not, and shall cause the Sigma Subsidiaries not to, settle or compromise any claim brought by any present, former or purported holder of any securities of Sigma in connection with the transactions contemplated by this Arrangement Agreement prior to the Effective Time without the prior written consent of NanoXplore, which consent shall not be unreasonably withheld, conditioned or delayed.
- (q) Satisfaction of Conditions. Subject to the terms of this Arrangement Agreement, Sigma shall use its commercially reasonable efforts to satisfy, or cause to be satisfied, all conditions precedent to its obligations to the extent that the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by this Arrangement Agreement, including using its commercially reasonable efforts to:

- (i) obtain the approval of Sigma Shareholders of the Arrangement in accordance with the provisions of the CBCA, the Interim Order and the requirements of any applicable regulatory authority;
 - (ii) obtain all other consents, approvals and authorizations as are required to be obtained by Sigma or the Sigma Subsidiaries under any applicable Law or from any Governmental Entity that would, if not obtained, materially impede the completion of the transactions contemplated by this Arrangement Agreement or have a Material Adverse Effect on Sigma;
 - (iii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the transactions contemplated by this Arrangement Agreement;
 - (iv) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Arrangement Agreement, the transactions contemplated hereby or seeking to stop, or otherwise adversely affecting the ability of the parties hereto to consummate, the transactions contemplated hereby;
 - (v) fulfill all conditions and satisfy all provisions of this Arrangement Agreement and the Plan of Arrangement required to be fulfilled or satisfied by Sigma; and
 - (vi) cooperate with NanoXplore in connection with the performance by it of its obligations hereunder, provided however that the foregoing shall not be construed to obligate Sigma to pay or cause to be paid any monies to cause such performance to occur.
- (r) Cooperation. Sigma shall make, or cooperate as necessary in the making of, all necessary filings and applications under all applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Laws, including any filings, reports, documents or applications as may be required to be filed by NanoXplore, acting reasonably. In addition, Sigma shall cooperate with and assist NanoXplore in communicating with Sigma Shareholders regarding support of the Plan of Arrangement and the entering into of Sigma Lock-up Agreements.
- (s) Access and Confirmatory Review. Sigma shall, and shall cause the Sigma Subsidiaries to, afford officers, employees, counsel, accountants and other authorized representatives and advisors of NanoXplore reasonable access, during normal business hours from the date hereof until the earlier of the Effective Time or the termination of this Arrangement Agreement, to the properties, books, contracts and records (including all technical and operational data) as well as to the senior management personnel (and such other personnel as Sigma authorizes on request, such authorization not to be unreasonably withheld or delayed) of Sigma and the Sigma Subsidiaries, and, during such period, Sigma shall, and shall cause the Sigma Subsidiaries to, furnish promptly to NanoXplore all information concerning the business, assets and personnel of Sigma and the Sigma Subsidiaries as NanoXplore may reasonably request. Subject to applicable Laws and the Confidentiality Agreement, Sigma shall continue to make available and cause to be made available to NanoXplore and the agents and advisors thereto all documents, agreements, corporate records and minute books as may be necessary to enable NanoXplore to effect

a thorough examination of Sigma and the Sigma Subsidiaries and the business, assets and financial status thereof, including the provision of unaudited monthly consolidated financial statements of Sigma, as available together with the consolidation therefor, and shall cooperate with NanoXplore in securing access for NanoXplore to any documents, agreements, corporate records or minute books not in the possession or under the control of Sigma.

- (t) Closing Documents. Sigma shall execute and deliver, or cause to be executed and delivered, at the closing of the transactions contemplated hereby such customary agreements, certificates, resolutions, opinions and other closing documents as may be required by NanoXplore, all in form satisfactory to NanoXplore, acting reasonably.
- (u) Lock-Up Agreements. Sigma shall use its commercially reasonable efforts to have the Sigma Locked-Up Shareholders enter into Sigma Lock-Up Agreements.
- (v) Related Party Loan Receivables. Within 10 days of the Effective Date, Sigma shall reimburse any loan receivable, as of the date hereof, between Sigma or the Sigma Subsidiaries, on the one hand, and: (i) any officer or director of Sigma or the Sigma Subsidiaries; including the \$242,000 loan with Consolidated Composites Industries (CCI) Inc. (ii) any holder of record or, to the knowledge of Sigma, beneficial owner of 10% or more of the Sigma Shares; and (iii) any affiliate or associate of any such, officer, director, holder of record or beneficial owner, on the other hand.

5.2 **Covenants of NanoXplore**

NanoXplore hereby covenants and agrees with Sigma as follows:

- (a) Proceedings. In a timely and expeditious manner, NanoXplore shall take all such actions and do all such acts and things as are specified in the Interim Order, the Plan of Arrangement and the Final Order to be taken or done by NanoXplore.
- (b) Circular. NanoXplore shall, collaboratively together with Sigma, prepare the Circular (which shall be in a form satisfactory to each of the Parties and their respective legal counsel acting reasonably), together with any other documents required by applicable Laws, as ordered by the Interim Order and in accordance with all applicable Laws, complying in all material respects with all applicable Laws on the date of the mailing thereof and in the form and containing the information required by all applicable Laws, including all applicable corporate and securities legislation and requirements, and not containing any misrepresentation (as defined under applicable securities legislation and requirements) with respect thereto, other than with respect to any information relating to and provided by Sigma.
- (c) Information for Circular. In a timely manner, NanoXplore shall provide to Sigma all information as may be reasonably requested by Sigma or as required by the Interim Order or applicable Laws with respect to NanoXplore and its businesses and assets for inclusion in the Circular or in any amendment or supplement to the Circular that complies in all material respects with all applicable Laws on the date of the mailing thereof and containing all material facts relating to NanoXplore required to be disclosed in the Circular and not containing any misrepresentation (as defined under applicable securities legislation) with respect thereto.

- (d) Amendments to Circular. In a timely manner, NanoXplore and Sigma shall collaboratively prepare and file any mutually agreed (or as otherwise required by applicable Laws) amendments or supplements to the Circular (which amendments or supplements shall be in a form acceptable to NanoXplore, acting reasonably) with respect to the Sigma Meeting and Sigma shall mail such amendments or supplements, as required by the Interim Order and in accordance with all applicable Laws, in and to all jurisdictions where such amendments or supplements are required to be mailed, complying in all material respects with all applicable Laws on the date of the mailing thereof.
- (e) Copy of Documents. NanoXplore shall furnish promptly to Sigma a copy of any filing under any applicable Laws and any dealings or communications with any Governmental Entity, Securities Authority or stock exchange in connection with, or in any way affecting, the transactions contemplated by this Arrangement Agreement.
- (f) Certain Actions.

NanoXplore shall:

- (i) not take any action, or permit any action to be taken or not taken, inconsistent with the provisions of this Arrangement Agreement or that would reasonably be expected to materially impede the completion of the transactions contemplated hereby.
- (ii) promptly notify Sigma of (A) any Material Adverse Change or Material Adverse Effect, or any change, event, occurrence or effect that could reasonably be expected to become a Material Adverse Change or to have a Material Adverse Effect, in respect of the business or in the conduct of the business of NanoXplore, (B) any Governmental Entity or third Person making a material complaint, investigation or hearing (or communications indicating that the same may be contemplated) with respect to the transactions contemplated by this Arrangement Agreement, (C) any breach by NanoXplore of any covenant or agreement contained in this Arrangement Agreement, and (D) any event occurring subsequent to the date hereof that would render any representation or warranty of NanoXplore contained in this Arrangement Agreement, if made on or as of the date of such event or the Effective Date, to be untrue or inaccurate such that the condition set forth in Section 6.02(a) would not be satisfied.
- (g) Satisfaction of Conditions. NanoXplore shall satisfy, or cause to be satisfied, all of the conditions precedent to its obligations to the extent the same is within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the transactions contemplated by this Arrangement Agreement, including using its commercially reasonable efforts to:
 - (i) obtain all consents, approvals, authorizations as are required to be obtained by NanoXplore under any applicable Law or from any Governmental Entity that would, if not obtained, materially impede the completion of the transactions contemplated hereby or have a Material Adverse Effect on NanoXplore;

- (ii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the transactions contemplated by this Arrangement Agreement and participate, and appear in any proceedings of, any Party before any Governmental Entity in connection with the transactions contemplated by this Arrangement Agreement;
- (iii) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Arrangement Agreement, the transactions contemplated hereby or seeking to stop, or otherwise adversely affecting the ability of the Parties to consummate, the transactions contemplated hereby, including by entering into a consent agreement if necessary;
- (iv) fulfill all conditions and satisfy all provisions of this Arrangement Agreement and the Plan of Arrangement required to be fulfilled or satisfied by it;
- (v) cooperate with Sigma in connection with the performance by Sigma of its obligations hereunder; and
- (vi) NanoXplore will cause its counsel to deliver to Sigma favourable legal opinions dated and delivered on the Effective Date, in form and substance satisfactory to Sigma, acting reasonably, with respect to the following matters:
 - A. NanoXplore is a corporation existing under the CBCA and has all requisite corporate power and capacity to carry on business and to own, lease and operate properties and assets;
 - B. NanoXplore has all necessary corporate capacity, power and authority: (A) to execute and deliver this Arrangement Agreement and to perform its obligations hereunder and (B) to issue, sell and deliver the NanoXplore Shares;
 - C. the authorized and issued and outstanding share capital of NanoXplore;
 - D. all necessary corporate action has been taken by NanoXplore to authorize the execution and delivery of this Arrangement Agreement and the performance of its obligations hereunder and this Arrangement Agreement has been duly executed and delivered by the NanoXplore and constitutes a legal, valid and binding obligation of NanoXplore enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and subject to other standard assumptions and qualifications, including the qualifications that equitable remedies may be granted in the discretion of a court of competent jurisdiction and that enforcement of rights to indemnity, contribution and waiver of contribution set out in this Arrangement Agreement may be limited by applicable law;
 - E. the execution and delivery of this Arrangement Agreement and the fulfilment of the terms hereof by NanoXplore, the issuance, sale and delivery of the NanoXplore Shares to be issued and sold by NanoXplore at the Effective Date, do not and will not result in a breach of or a default under, do not and will not create a state of facts which, after notice or lapse of time or both, will result

in a breach of or a default under, and do not and will not conflict with: (A) the constating documents of NanoXplore; (B) any resolutions of the shareholders or directors (including of any committee thereof) of NanoXplore; or (C) any applicable corporate law or Securities Laws;

F. the NanoXplore Shares have been duly and validly issued as fully paid and non-assessable shares in the capital of NanoXplore;

G. all necessary documents have been filed, all requisite proceedings have been taken and all approvals, permits, consents and authorizations of the Canadian Securities Regulators in each of the Qualifying Jurisdictions have been obtained by NanoXplore to qualify the distribution of the NanoXplore Shares in each of the jurisdictions where reside the NanoXplore's shareholders;

H. NanoXplore is a "reporting issuer", or its equivalent, in the provinces of Québec, Ontario, Alberta and British Columbia and it is not on the list of defaulting reporting issuers maintained by the Canadian Securities Regulators;

I. the NanoXplore Shares have been conditionally approved for listing on the TSXV.

(vii) NanoXplore will cause favourable legal opinions to be delivered to Sigma by the NanoXplore's counsel, dated and delivered on the Effective Date, regarding the NanoXplore's Subsidiaries, in form and substance satisfactory to Sigma, acting reasonably, with respect to the following matters:

A. the NanoXplore's Subsidiaries having been incorporated and existing under its jurisdiction of incorporation;

B. the NanoXplore's Subsidiaries having all requisite corporate power and capacity to carry on business and to own, lease and operate properties and assets; and

C. the authorized and issued share capital of the NanoXplore's Subsidiaries and the ownership thereof;

(viii) NanoXplore will cause favourable legal opinions or title reports to be delivered to Sigma by the NanoXplore's counsel, dated and delivered on the Effective Date, in form and substance satisfactory to Sigma, acting reasonably, regarding the material intellectual or industrial property owned by NanoXplore or the NanoXplore Subsidiaries; and

(ix) NanoXplore will deliver a certificate of NanoXplore, addressed to Sigma and its counsel and dated the Effective Date, and signed on behalf of NanoXplore, but without personal liability, by the Chief Executive Officer and Chief Financial Officer of NanoXplore, or such other senior officers of NanoXplore as may be acceptable to Sigma, acting reasonably, in form and substance satisfactory to Sigma, acting reasonably, certifying that:

- A. NanoXplore has complied with all the covenants and satisfied all the terms and conditions of this Arrangement Agreement on its part to be complied with or satisfied, other than conditions which have been waived by Sigma, at or prior to the Effective Date;
 - B. the representations and warranties of NanoXplore contained herein are true and correct as at the Effective Date with the same force and effect as if made on and as at the Effective Date after giving effect to the transactions contemplated hereby;
 - C. since the respective dates as of which information is given in the Arrangement Agreement (A) there has been no material change (actual, anticipated, contemplated, threatened, or prospective, whether financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise), prospects, capital or control of NanoXplore (on a consolidated basis), and (B) no transaction has been entered into by NanoXplore or its NanoXplore Subsidiaries which is material to NanoXplore (on a consolidated basis), and
 - D. there has been no new material fact or change in any material fact (which includes the disclosure of any previously undisclosed material fact) contained in the Arrangement Agreement, which fact or change is, or may be, of such a nature as to render any statement in the Arrangement Agreement misleading or untrue in any material respect or which would result in a misrepresentation in the Arrangement Agreement;
- (h) Cooperation. NanoXplore shall make, or cooperate as necessary in the making of, all necessary filings and applications under all applicable Laws required in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Laws, including any filings, reports, documents or applications as may be required to be filed by Sigma, acting reasonably.
 - (i) Access and Confirmatory Review. NanoXplore shall and shall cause the NanoXplore Subsidiaries to, afford officers, employees, counsel, accountants and other authorized representatives and advisors of Sigma reasonable access, during normal business hours from the date hereof until the earlier of the Effective Time or the termination of this Arrangement Agreement, to the properties, books, contracts and records (including all technical and operational data) as well as to the senior management personnel (and such other personnel as NanoXplore authorizes on request, such authorization not to be unreasonably withheld or delayed) of NanoXplore and NanoXplore Subsidiaries and, during such period, NanoXplore shall and shall cause to NanoXplore Subsidiaries to furnish promptly to Sigma all information concerning the business, assets and personnel of Sigma and NanoXplore Subsidiaries as Sigma may reasonably request. Subject to applicable Laws and the Confidentiality Agreement, NanoXplore shall continue to make available and cause to be made available to Sigma and the agents and advisors thereto all documents, agreements, corporate records and minute books as may be necessary to enable Sigma to effect a thorough examination of NanoXplore and NanoXplore Subsidiaries and the business, assets and financial status thereof, including the provision of unaudited monthly consolidated financial statements of NanoXplore, as available together with the consolidation therefor, and shall cooperate with Sigma in securing

access for Sigma to any documents, agreements, corporate records or minute books not in the possession or under the control of NanoXplore.

- (j) Stock Exchange Listing. Prior to the Effective Time, NanoXplore shall prepare and file with the TSXV, all necessary applications or other documents and pay all fees required in order to obtain the conditional listing approval of the TSXV in respect of the NanoXplore Shares to be issued as Arrangement Consideration pursuant to this Arrangement Agreement.
- (k) Closing Documents. NanoXplore shall execute and deliver, or cause to be executed and delivered at the closing of the transactions contemplated hereby such customary agreements, certificates, resolutions, opinions and other closing documents as may be required by Sigma, all in form satisfactory to Sigma, acting reasonably.
- (l) NanoXplore Guarantee. NanoXplore hereby unconditionally and irrevocably guarantees the due and punctual performance of SubCo of each and every obligation of SubCo in respect of the Arrangement.
- (m) Certain Actions non constituting a Material Change. NanoXplore shall not directly or indirectly do or permit to occur any of the following insofar as this would constitute a Material Change or a Material Adverse Effect:
 - (i) other than pursuant to obligations or rights under existing contracts, agreements and commitments (to the extent such rights have been exercised or initiated by other Persons), sell, lease or otherwise dispose of, or permit the NanoXplore Subsidiaries to sell, lease or otherwise dispose of, any NanoXplore assets or enter into any agreement or commitment in respect of any of the foregoing;
 - (ii) abandon or fail to diligently pursue any application to renew any existing licence, permit, order, claim, authorization, consent, approval (including Environmental Approvals) or registration related to NanoXplore's business and activities;
 - (iii) redeem, purchase or offer to purchase, or permit a NanoXplore Subsidiaries to redeem, purchase or offer to purchase, any NanoXplore Shares, NanoXplore Options or obligations or rights under existing contracts, agreements and commitments;
 - (iv) reorganize, amalgamate or merge NanoXplore or the NanoXplore Subsidiaries;
 - (v) acquire or agree to acquire any corporation or other entity (or material interest therein) or division of any corporation or other entity, or permit the NanoXplore Subsidiaries to acquire or agree to acquire any corporation or other entity (or material interest therein) or division of any corporation or other entity;
 - (vi) (A) settle, pay, discharge, satisfy, compromise, waive, assign or release, (i) any action, claim or proceeding brought by or against NanoXplore and/or the NanoXplore Subsidiaries, or (ii) any action, claim or proceeding brought by or against any present, former or purported holder of its securities in connection with the transactions contemplated by this Arrangement Agreement or the Plan of Arrangement; (B) relinquish any contractual rights; or (C) enter into any interest rate, currency or commodity swaps, hedges, caps, collars, forward sales

or other similar financial instruments other than in the ordinary and regular course of business and not for speculative purposes;

- (vii) enter into, or cause the NanoXplore Subsidiaries to enter into, new commitments of a capital expenditure nature or incur any new contingent liabilities other than (A) ordinary course expenditures; (B) expenditures required by Law; and (C) expenditures made in connection with transactions contemplated in this Arrangement Agreement; or
- (viii) make any material Tax election, materially change any method of Tax accounting or settle or compromise any Tax liability of NanoXplore or the NanoXplore Subsidiaries.

ARTICLE 6 CONDITIONS

6.1 Mutual Conditions

The respective obligations of Sigma and NanoXplore to complete the transactions contemplated herein are subject to the fulfillment of the following conditions at or before the Effective Time or such other time as is specified below:

- (a) the Interim Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;
- (b) the Sigma Shareholder Approval shall have been obtained at the Sigma Meeting by the Sigma Shareholders for the sale of the Debentures in accordance with the provisions of the CBCA and the Interim Order;
- (c) the Final Order shall have been obtained in form and substance satisfactory to each of the Parties, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;
- (d) there shall not be in force any Law, or final, binding, non-appealable ruling, order or decree, and there shall not have been any action taken under any Law or by any Governmental Entity or other regulatory authority, that is final, binding or non-appealable that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms hereof;
- (e) the distribution of the Arrangement Consideration pursuant to the Arrangement shall be exempt from the prospectus and registration requirements of applicable Canadian securities laws either by virtue of exemptive relief from the securities regulatory authorities of each of the provinces of Canada or by virtue of applicable exemptions under Canadian securities laws and shall not be subject to resale restrictions under applicable Canadian securities laws (other than as applicable to control persons or pursuant to Section 2.6 of National Instrument 45-102 – *Resale of Securities*);
- (f) (i) the TSXV shall have conditionally approved the listing thereon, subject to official notice of issuance, of the NanoXplore Shares to be issued pursuant to the Arrangement as of the Effective Date, or as soon as possible thereafter, and (ii) the TSXV shall have, if

required, accepted notice for filing of all transactions of Sigma contemplated herein or necessary to complete the Arrangement, subject only to compliance with the usual requirements of the TSXV;

- (g) (i) all consents, waivers, permits, exemptions, orders and approvals of, and any registrations and filings with, any Governmental Entity and the expiry of any waiting periods, in connection with, or required to permit, the completion of the Arrangement; and (ii) all third Person and other consents, waivers, permits, exemptions, orders, approvals, agreements and amendments and modifications to agreements, indentures or arrangements (other than as contemplated in the Sigma Disclosure Letter or the NanoXplore Disclosure Letter), in each case, the failure of which to obtain or the non-expiry of which would, or could reasonably be expected to have, a Material Adverse Effect on Sigma or NanoXplore or materially impede the completion of the Arrangement, shall have been obtained or received; and
- (h) this Arrangement Agreement shall not have been terminated pursuant to Article 8 hereof.

The foregoing conditions are for the mutual benefit of the Parties and may be waived by mutual consent of Sigma and NanoXplore in writing at any time. If any of such conditions shall not be complied with or waived as aforesaid on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to Section 6.04 hereof, any Party may terminate this Arrangement Agreement by written notice to the others of them in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Arrangement Agreement by such rescinding Party.

6.2 Sigma Conditions

The obligation of Sigma to complete the transactions contemplated herein is subject to the fulfillment of the following additional conditions at or before the Effective Date or such other time as is specified below (each of which is for the exclusive benefit of Sigma and may be waived by Sigma):

- (a) the representations and warranties made by NanoXplore in this Arrangement Agreement that are qualified by materiality or the expression "Material Adverse Change" or "Material Adverse Effect" shall be true and correct in all respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and all other representations and warranties made by NanoXplore in this Arrangement Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), in either case, except where any failures or breaches of representations and warranties would not either individually or in the aggregate, have a Material Adverse Effect on NanoXplore, and NanoXplore shall have provided to Sigma the legal opinions and the certificates of two officers provided for in section 6.02(c). No representation or warranty made by NanoXplore hereunder shall be deemed not to be true and correct if the facts or circumstances which make such representation or warranty untrue or incorrect are disclosed or referred to in the NanoXplore Disclosure Letter, or provided for or stated to be exceptions under this Arrangement Agreement;

- (b) from the date of this Arrangement Agreement to the Effective Date, there shall not have occurred, and none of NanoXplore or the NanoXplore Subsidiaries shall have incurred or suffered, any one or more changes, effects, events, occurrences or states of facts that, either individually or in the aggregate, have, or could reasonably be expected to have, a Material Adverse Effect on NanoXplore;
- (c) NanoXplore shall have complied in all material respects with its covenants herein and NanoXplore shall have provided to Sigma a certificate of the President and Chief Executive Officer and Chief Financial Officer thereof, certifying that, as of the Effective Date, it has so complied with its covenants herein;
- (d) Subject to obtaining the Final Order and the satisfaction or waiver of the other conditions precedent contained herein in its favour (other than conditions which, by their nature, are only capable of being satisfied as of the Effective Time), NanoXplore shall have deposited or caused to be deposited with the Depositary NanoXplore Shares and funds to be held in escrow in order to pay the aggregate Arrangement Consideration payable for all Sigma Shares and Sigma Debentures to be acquired pursuant to the Arrangement in accordance with Section 2.07; and
- (e) the directors of NanoXplore shall have adopted all necessary resolutions and all other necessary corporate actions shall have been taken by NanoXplore to permit the consummation of the Arrangement.

The foregoing conditions are for the benefit of Sigma and may be waived, in whole or in part, by Sigma in writing at any time. If any of such conditions shall not be complied with or waived by Sigma on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to Section 6.04 hereof, Sigma may terminate this Arrangement Agreement by written notice to NanoXplore in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Arrangement Agreement by Sigma.

6.3 NanoXplore Conditions

The obligation of NanoXplore to complete the transactions contemplated herein is subject to the fulfillment of the following additional conditions at or before the Effective Date or such other time as is specified below (each of which is for the exclusive benefit of NanoXplore and may be waived by NanoXplore):

- (a) the representations and warranties made by Sigma in this Arrangement Agreement that are qualified by materiality or the expression "Material Adverse Change" or "Material Adverse Effect" shall be true and correct in all respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and all other representations and warranties made by Sigma in this Arrangement Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), in either case, except where any failures or breaches of representations and warranties would not either, individually or in the aggregate, have a Material Adverse Effect on Sigma, and Sigma shall have provided to NanoXplore a certificate of two officers thereof certifying such accuracy or lack of Material Adverse Effect on the Effective Date. No

representation or warranty made by Sigma hereunder shall be deemed not to be true and correct if the facts or circumstances that make such representation or warranty untrue or incorrect are disclosed or referred to in the Sigma Disclosure Letter, or provided for or stated to be exceptions under this Arrangement Agreement;

- (b) from the date of this Arrangement Agreement to the Effective Date, there shall not have occurred, and none of Sigma or the Sigma Subsidiaries shall have incurred or suffered, any one or more changes, effects, events, occurrences or states of facts that, either individually or in the aggregate, have, or could reasonably be expected to have, a Material Adverse Effect on Sigma;
- (c) Sigma shall have complied in all material respects with its covenants herein and Sigma shall have provided to NanoXplore a certificate of the Chief Executive Officer and the Chief Financial Officer thereof certifying that, as of the Effective Date, Sigma has so complied with its covenants herein;
- (d) Sigma shall cause to be reimbursed all related party loan receivables;
- (e) NanoXplore shall have received the Sigma Lock-Up Agreements and such agreements shall not have been terminated or otherwise breached in any material manner by any of the Sigma Locked-Up Shareholders, such that as a result of such breach or termination the Arrangement Resolution is not passed at the Sigma Meeting;
- (f) Sigma Shareholders holding no more than 7% of the outstanding Sigma Shares shall have exercised their Dissent Rights (and not withdrawn such exercise) and NanoXplore shall have received a certificate, dated the day immediately preceding the Effective Date, of the Chief Executive Officer and the Chief Financial Officer of Sigma to such effect;
- (g) the directors of Sigma shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Sigma to permit the consummation of the Arrangement; and
- (h) the directors of Sigma shall not have effected a Change in Sigma Recommendation.

The foregoing conditions are for the benefit of NanoXplore and may be waived, in whole or in part, by NanoXplore in writing at any time. If any of such conditions shall not be complied with or waived by NanoXplore on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to Section 6.04 hereof, NanoXplore may terminate this Arrangement Agreement by written notice to Sigma in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Arrangement Agreement by NanoXplore.

6.4 Notice and Cure Provisions

- (a) Each Party will give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Arrangement Agreement and the Effective Time of any event or state of facts which occurrence or failure would, or would be likely to:
 - (i) cause any of the representations or warranties of any Principal Party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Effective Time; or

- (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder prior to the Effective Time.
- (b) NanoXplore may not exercise its rights to terminate this Arrangement Agreement pursuant to Section 8.02(a)(iii)D and Sigma may not exercise its right to terminate this Arrangement Agreement pursuant to Section 8.02(a)(iv)C unless the Party intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-fulfilment or the applicable condition or termination right, as the case may be. If any such notice is delivered, *provided that* a Party is proceeding diligently to cure such matter and such matter is capable of being cured, no Party may terminate this Arrangement Agreement until the earlier of (a) the Completion Deadline and (b) the expiration of a period of ten Business Days from such notice, and then only if such matter has not been cured by such date. If such notice has been delivered prior to the making of the application for the Final Order, such application and such filing shall be postponed until the expiry of such period. For greater certainty, in the event that such matter is cured within the time period referred to herein without a Material Adverse Effect, this Arrangement Agreement may not be terminated as a result of the cured breach.

ARTICLE 7

NON-SOLICITATION, RIGHT TO MATCH, TERMINATION FEES AND EXPENSES

7.1 Non-Solicitation

- (a) Neither Principal Party nor any of its subsidiaries shall, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent of such Principal Party or any of its subsidiaries (collectively, the "**Representatives**"): (i) solicit, assist, initiate, facilitate or knowingly encourage (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) the initiation of any inquiries or proposals regarding an Acquisition Proposal; (ii) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than NanoXplore or any of its affiliates, in the case of Sigma, or Sigma and its affiliates, in the case of NanoXplore) regarding an Acquisition Proposal, provided, however, that a Principal Party may communicate with any Person making an Acquisition Proposal for the purpose of clarifying the terms and conditions of such Acquisition Proposal and the likelihood of its consummation so as to determine whether such Acquisition Proposal is likely to lead to a Superior Proposal or advising such Person that the Acquisition Proposal could not reasonably be expected to result in a Superior Proposal; (iii) approve, accept, endorse or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal, (iv) accept or enter into or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, understanding, undertaking or arrangement or other contract in respect of an Acquisition Proposal or (v) make a Change in Sigma Recommendation.
- (b) Each Principal Party shall, and shall cause its subsidiaries and Representatives to immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any Persons conducted heretofore by it, its subsidiaries or any Representatives with respect to any Acquisition Proposal, and, in connection therewith, each Principal Party will discontinue access to any of its confidential information (and

not establish or allow access to any of its confidential information, or any data room, virtual or otherwise) and shall as soon as possible request, to the extent that it is entitled to do so (and exercise all rights it has to require) the return or destruction of all confidential information regarding such Principal Party and its subsidiaries previously provided to any such Person or any other Person and will request (and exercise all rights it has to require) the destruction of all material including or incorporating or otherwise reflecting any material confidential information regarding such Principal Party and its subsidiaries. Each Principal Party agrees that, except as permitted in Section 7.01(c) neither it nor any of its subsidiaries, shall terminate, waive, amend or modify any provision of any existing confidentiality agreement relating to an Acquisition Proposal or any standstill agreement to which it or any of its subsidiaries is a party (it being acknowledged and agreed that the automatic termination of any standstill provisions of any such agreement as the result of the entering into an announcement of this Arrangement Agreement, pursuant to the express terms of any such agreement, shall not be a violation of this Section 7.01(b)) and each Principal Party undertakes to enforce all standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that it or any of its subsidiaries have entered into prior to the date hereof.

- (c) Notwithstanding Sections 7.01(a) and 7.01(b) and any other provision of this Arrangement Agreement or of any other agreement between NanoXplore and Sigma, if at any time following the date of this Arrangement Agreement and prior to obtaining the Sigma Shareholder Approval of the Arrangement Resolution at the Sigma Meeting a Principal Party receives a *bona fide*, written Acquisition Proposal that did not result from a breach of Section 7.01 or an Acquisition Proposal is made to such Principal Party's shareholders that its Board of Directors determines in good faith, after consultation with such Principal Party's financial advisors and outside counsel, constitutes or, if consummated in accordance with its terms (disregarding, for the purposes of any such determination, any term of such Acquisition Proposal that provides for a due diligence investigation), could reasonably be expected to be a Superior Proposal, then such Principal Party may, in response to a request made by the party making such Acquisition Proposal and provided it is in compliance with Sections 7.01(b) and 7.01(d):
- (i) furnish information with respect to such Principal Party and its subsidiaries to the Person making such Acquisition Proposal;
 - (ii) enter into, participate, facilitate and maintain discussions or negotiations with, and otherwise cooperate with or assist, the Person making such Acquisition Proposal; and/or
 - (iii) waive any standstill provision or agreement that would otherwise prohibit such Person from making such Acquisition Proposal;

provided that such Principal Party shall not, and shall not allow its Representatives to, disclose any non-public information to such Person: (i) if such non-public information has not been previously provided to, or is not concurrently provided to the other Principal Party; and (ii) without entering into a confidentiality agreement with terms typical of confidentiality agreements entered into in transactions similar to the Arrangement, and which includes a standstill provision that restricts such Person from acquiring, or publicly announcing an intention to acquire, any securities or assets of such Principal Party (other than pursuant to a Superior Proposal) for a period of not less than 12 months from the date of such agreement.

- (d) In the event a Principal Party receives an Acquisition Proposal it shall promptly notify the other Principal Party, at first orally and then in writing within 24 hours of receipt of the Acquisition Proposal, of the material terms and conditions thereof, and the identity of the Person or Persons making the Acquisition Proposal, and shall provide the other Principal Party with a copy of any such proposal, inquiry, offer or request, a copy of any agreement entered into in accordance with Section 7.01(c) hereof and a copy of any other agreements which relate to the Acquisition Proposal to which it has access, or any amendment to any of the foregoing. The Principal Party that is the subject of the Acquisition Proposal shall thereafter also provide such other details of such proposal, inquiry, offer or request, or any amendment to any of the foregoing, as the other Principal Party may reasonably request and shall keep the other Principal Party fully informed as to the status, including any changes to the material terms, of such proposal, inquiry, offer or request, or any amendment to any of the foregoing, and shall respond promptly to all inquiries from the other Principal Party with respect thereto.
- (e) Subject to Section 7.02, at any time following the date of this Arrangement Agreement and prior to obtaining Sigma Shareholder Approval if a Principal Party receives an Acquisition Proposal that did not result from a breach of this Section 7.01 and which its Board of Directors concludes in good faith constitutes a Superior Proposal, it may, subject to compliance with the procedures set forth in Sections 7.03 and 8.02, terminate this Arrangement Agreement to enter into a definitive agreement with respect to such Superior Proposal.
- (f) Nothing contained in this Arrangement Agreement shall prohibit the Board of Directors of Sigma from taking any action or making a Change in Sigma Recommendation or from making any disclosure to any of the Sigma Shareholders prior to the Effective Time including, for greater certainty, disclosure of a Change in Sigma Recommendation in respect of an Acquisition Proposal, if, in the good faith judgment of its Board of Directors, after consultation with outside legal counsel, failure to take such action or make such disclosure would be inconsistent with such Board of Director's exercise of its fiduciary duties or such action or disclosure is otherwise required under applicable Law (including by responding to an Acquisition Proposal under a directors' circular or otherwise as required under Securities Laws); *provided that*, for greater certainty, in the event of a Change in Sigma Recommendation and a termination by the NanoXplore of this Arrangement Agreement pursuant to Section 8.02(a)(iii)A, NanoXplore shall pay the Termination Fee as required by Section 7.03. In addition, subject to the provisions of this Section 7.01 and Section 7.02, nothing contained in this Arrangement Agreement shall prevent a Principal Party or its Board of Directors from calling and holding a meeting of its shareholders, or any of them, requisitioned by such shareholders, or any of them, in accordance with the CBCA, or ordered to be held by a court or Governmental Entity of competent jurisdiction in accordance with applicable Laws.

7.2 **Right to Match**

- (a) Each Principal Party covenants that it will not accept, approve, endorse, recommend or enter into any agreement, understanding or arrangement in respect of a Superior Proposal (other than a confidentiality and standstill agreement permitted by Section 7.01(c)) unless:
 - (i) such Principal Party (the "**Terminating Party**") has complied with its obligations under Section 7.01 and has provided the other Principal Party (the

"**Matching Party**") with a copy of the Superior Proposal and all related documentation described in Section 7.01(d); and

- (ii) a period (the "**Response Period**") of five Business Days has elapsed from the date that is the later of: (x) the date on which the Matching Party receives written notice from the Board of Directors of the Terminating Party that it has determined, subject only to compliance with this Section 7.02, to accept, approve, endorse, recommend or enter into a binding agreement to proceed with such Superior Proposal; and (y) the date the Matching Party receives a copy of the Superior Proposal and all related documents described in Section 7.01(d).
- (b) During the Response Period, the Matching Party will have the right, but not the obligation, to offer to amend this Arrangement Agreement and the Plan of Arrangement, including modification of the Arrangement Consideration. The Board of Directors of the Terminating Party shall review any such offer by the Matching Party to amend this Arrangement Agreement and the Plan of Arrangement to determine whether the Acquisition Proposal to which the Matching Party is responding would continue to be a Superior Proposal when assessed against the Arrangement as it is proposed in writing by the Matching Party to be amended. If the Board of Directors of the Terminating Party determines that the Acquisition Proposal no longer constitutes a Superior Proposal, when assessed against this Arrangement Agreement and the Plan of Arrangement as they are proposed to be amended by the Matching Party, the Board of Directors of the Terminating Party will cause it to enter into an amendment to this Arrangement Agreement with the Matching Party incorporating the amendments to the Agreement and Plan of Arrangement as set out in the written offer to amend, and will promptly reaffirm its recommendation of the Arrangement by the prompt issuance of a press release to that effect. If the Board of Directors of the Terminating Party determines that the Acquisition Proposal continues to be a Superior Proposal, the Terminating Party may recommend that holders of its securities accept such Superior Proposal *provided that* before doing so the Terminating Party terminates this Arrangement Agreement and pays, or causes to be paid, the Termination Fee pursuant to Section 8.02(a)(iii)B or Section 8.02(a)(iv)A, as the case may be, in order to accept or enter into an agreement, understanding or arrangement to proceed with the Superior Proposal.
- (c) Each successive amendment to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the holders of the Terminating Party's securities shall constitute a new Acquisition Proposal for the purposes of this Section 7.02 and the Matching Party shall be afforded a new Response Period and the rights afforded in Section 7.02(b) in respect of each such Acquisition Proposal.

7.3 Expenses and Termination Fees

- (a) Except as otherwise provided herein, all fees, costs and expenses incurred in connection with this Arrangement Agreement and the Plan of Arrangement shall be paid by the Party incurring such fees, costs or expenses.
- (b) If a Sigma Termination Fee Event occurs, Sigma shall pay, or cause to be paid, to NanoXplore (by wire transfer of immediately available funds) the Termination Fee.

- (c) If a NanoXplore Termination Fee Event occurs, NanoXplore shall pay, or cause to be paid, to Sigma (by wire transfer of immediately available funds) the Termination Fee.
- (d) For the purposes of this Arrangement Agreement, "**Termination Fee**" means \$700,000 in the case of either a Sigma Termination Fee Event or an NanoXplore Termination Fee Event.
- (e) For the purposes of this Arrangement Agreement, "**Sigma Termination Fee Event**" means the termination of this Arrangement Agreement:
 - (i) by NanoXplore pursuant to Section 8.02(a)(iii)A, except where the Change in Sigma Recommendation which has led to the termination pursuant to Section 8.02(a)(iii)A was made solely because the Sigma Board, acting in good faith, determined that a change, effect, event or occurrence had taken place that constituted a Material Adverse Effect on NanoXplore and that, as a consequence, it would be inconsistent with the Sigma Board's fiduciary obligations to continue to recommend that Sigma Shareholders vote in favour of the Arrangement;
 - (ii) by NanoXplore pursuant to Section 8.02(a)(iii)E;
 - (iii) by NanoXplore pursuant to Section 8.02(a)(iii)G;
 - (iv) by Sigma pursuant to Section 8.02(a)(iv)A; or
 - (v) by NanoXplore pursuant to Section 8.02(a)(ii)A or by either Party pursuant to 8.02(a)(ii)C if, in either case, prior to the earlier of the termination of this Arrangement Agreement or the holding of the Sigma Meeting, a *bona fide* Acquisition Proposal, or the intention to make an Acquisition Proposal, with respect to Sigma shall have been made to Sigma or publicly announced by any Person (other than NanoXplore or any of its affiliates) and not withdrawn prior to the Sigma Meeting and within six months following the date of such termination:
 - A. the announced Acquisition Proposal is consummated by Sigma; or
 - B. Sigma and/or one or more of its subsidiaries enters into a definitive agreement in respect of, or the Sigma Board approves or recommends, the announced Acquisition Proposal which is subsequently consummated at any time thereafter;

provided that, for the purposes of this Section 7.03(e)(v) all references to "20%" in the definition of "Acquisition Proposal" shall be deemed to be references to "50%".
- (f) For the purposes of this Arrangement Agreement, "**NanoXplore Termination Fee Event**" means the termination of this Arrangement Agreement:
 - (i) by Sigma pursuant to Section 8.02(a)(iv)D;
 - (ii) by Sigma pursuant to Section 8.02(a)(iv)E;
 - (iii) by NanoXplore pursuant to Section 8.02(a)(iii)B; or

(iv) by Sigma pursuant to Section 8.02(a)(ii)A, if prior to the earlier of the termination of this Arrangement Agreement or the holding of the Sigma Meeting, a *bona fide* Acquisition Proposal, or the intention to make an Acquisition Proposal, with respect to NanoXplore shall have been made to NanoXplore or publicly announced by any Person (other than Sigma or any of its affiliates) and not withdrawn prior to the Sigma Meeting and within six months following the date of such termination:

- A. the announced Acquisition Proposal is consummated by NanoXplore; or
- B. NanoXplore and/or one or more of its subsidiaries enters into a definitive agreement in respect of, or the NanoXplore Board approves or recommends, the announced Acquisition Proposal which is subsequently consummated at any time thereafter;

provided that, for the purposes of this Section 7.03(f)(iv) all references to "20%" in the definition of "Acquisition Proposal" shall be deemed to be references to "50%".

- (g) If a Termination Fee Event described in any of Sections 7.03(e)(i), (ii), (iii) or (iv) or any of Sections 7.03(f)(i), (ii) or (iii) occurs, the Termination Fee shall be payable simultaneously with the occurrence of such Termination Fee Event. If a Termination Fee Event described in Section 7.03(e)(v) or 7.03(f)(iv) occurs, the Termination Fee shall be payable within two Business Days following the closing of the applicable transaction referred to therein.
- (h) In the event that this Arrangement Agreement is terminated by Sigma pursuant to Section 8.02(a)(ii)A due to the failure by NanoXplore to perform any of its obligations hereunder, all properly documented fees, costs and expenses incurred by Sigma in connection with the transactions contemplated in this Arrangement Agreement up to a maximum of \$200,000 (the "**Sigma Expense Reimbursement**") shall be paid, or cause to be paid, by NanoXplore.
- (i) In the event that this Arrangement Agreement is terminated by NanoXplore pursuant to Section 8.02(a)(ii)A due to the failure by Sigma to perform any of its obligations hereunder or pursuant to Section 8.02(a)(ii)C, all properly documented fees, costs and expenses incurred by NanoXplore in connection with the transactions contemplated in this Arrangement Agreement up to a maximum of \$200,000 (the "**NanoXplore Expense Reimbursement**") shall be paid, or cause to be paid, by Sigma.
- (j) Each of the Parties acknowledges that the agreements contained in this Section 7.03 are an integral part of the transactions contemplated in this Arrangement Agreement and that, without those agreements, the Parties would not enter into this Arrangement Agreement. Each Party acknowledges that all of the payment amounts set out in this Section 7.03 are payments of liquidated damages which are a genuine pre-estimate of the damages, which the Party entitled to such damages will suffer or incur as a result of the event giving rise to such payment and the resultant termination of this Arrangement Agreement and are not penalties. Each Party irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, each Party agrees that, upon any termination of this Arrangement Agreement under circumstances where a Principal Party is entitled to the Termination Fee and such Termination Fee is

paid in full, such Principal Party shall be precluded from any other remedy against the other Principal Party at law or in equity or otherwise (including, without limitation, an order for specific performance), and shall not seek to obtain any recovery, judgment, or damages of any kind, including consequential, indirect, or punitive damages, against the other Principal Party or any of its subsidiaries or any of their respective directors, officers, employees, partners, managers, members, shareholders or affiliates in connection with this Arrangement Agreement or the transactions contemplated hereby.

- (k) Nothing in this Section 7.03 shall relieve or have the effect of relieving any Principal Party in any way from liability for damages incurred or suffered by a Principal Party as a result of an intentional or wilful breach of this Arrangement Agreement by the other Principal Party.
- (l) Nothing in this Section 7.03 shall preclude a Principal Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Arrangement Agreement or otherwise to obtain specific performance of any such covenants or agreements, without the necessity of posting bond or security in connection therewith.
- (m) In no event shall a Principal Party be obligated to pay to the other Principal Party an amount in respect of the termination of this Arrangement Agreement that is, in aggregate, in excess of the Termination Fee and the Termination Fee shall each, in any case, only be paid once by a Principal Party.

7.4 Access to Information; Confidentiality

- (a) From the date hereof until the earlier of the Effective Time and the termination of this Arrangement Agreement, subject to compliance with applicable Laws and the terms of any existing Contracts, Sigma shall, and shall cause its subsidiaries and their respective officers, directors, employees, independent auditors, accounting advisers and agents to, afford to NanoXplore and to the officers, employees, agents and representatives of NanoXplore such access as NanoXplore may reasonably require at all reasonable times, including for the purpose of facilitating integration business planning, to their officers, employees, agents, properties, books, records and Contracts, and shall furnish NanoXplore with all data and information as NanoXplore may reasonably request.
- (b) From the date hereof until the earlier of the Effective Time and the termination of this Arrangement Agreement, subject to compliance with applicable Laws and the terms of any existing Contracts, NanoXplore shall, and shall cause its subsidiaries and their respective officers, directors, employees, independent auditors, accounting advisers and agents to, afford to Sigma and to the officers, employees, agents and representatives of Sigma such access as Sigma may reasonably require at all reasonable times, including for the purpose of facilitating integration business planning, to their officers, employees, agents, properties, books, records and Contracts, and shall furnish Sigma with all data and information as Sigma may reasonably request.
- (c) NanoXplore and Sigma acknowledge and agree that information furnished pursuant to this Section 7.04 shall be subject to the terms and conditions of the Confidentiality Agreement.

7.5 Insurance and Indemnification

- (a) NanoXplore will, or will cause Sigma and the Sigma Subsidiaries to, maintain in effect without any reduction in scope or coverage for six years from the Effective Date customary policies of directors' and officers' liability insurance providing protection no less favourable to the protection provided by the policies maintained by Sigma and its subsidiaries which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date; provided, however, that NanoXplore acknowledges and agrees that prior to the Effective Date, Sigma may, in the alternative, purchase prepaid non-cancellable run off directors' and officers' liability insurance for a period of six years from the Effective Date with the prior written consent of NanoXplore.
- (b) NanoXplore agrees that it shall directly honour all rights to indemnification or exculpation now existing in favour of present and former officers and directors of Sigma and its subsidiaries and acknowledges that such rights shall survive the completion of the Plan of Arrangement and shall continue in full force and effect.
- (c) The provisions of this Section 7.05 are intended for the benefit of, and shall be enforceable by, each insured or indemnified person, his or her heirs and his or her legal representatives and, for such purpose, Sigma hereby confirms that it is acting as agent and trustee on their behalf.

ARTICLE 8 TERM, TERMINATION, AMENDMENT AND WAIVER

8.1 Term

This Arrangement Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Arrangement Agreement in accordance with its terms.

8.02 Termination

- (a) This Arrangement Agreement, other than Section 7.03 hereof, may be terminated and the Arrangement may be abandoned at any time prior to the Effective Time (notwithstanding any approval of this Arrangement Agreement or the Arrangement Resolution by the Sigma Shareholders or the approval of the Arrangement by the Court):
 - (i) by mutual written agreement of Sigma and NanoXplore; or
 - (ii) by either Sigma or NanoXplore, if:
 - A. the Effective Time shall not have occurred on or before the Completion Deadline, except that the right to terminate this Arrangement Agreement under this Section 8.02(a)(ii)A shall not be available to any Party whose failure to fulfill any of its obligations or whose breach of any of its representations and warranties under this Arrangement Agreement has been the cause of, or directly resulted in, the failure of the Effective Time to occur by such Completion Deadline; or

- B. after the date hereof, there shall be enacted or made any applicable Law that makes consummation of the Arrangement illegal or otherwise prohibited or enjoins Sigma or NanoXplore from consummating the Arrangement and such applicable Law (if applicable) or injunction shall have become final and non-appealable; or
- C. the Arrangement Resolution shall have failed to obtain the Sigma Shareholder Approval at the Sigma Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order; or
- D. there is a change of more than 15% in the Market Trading Price of the Arrangement Share Consideration; or

(iii) by NanoXplore, if:

- A. prior to obtaining the Sigma Shareholder Approval, there is a Change in Sigma Recommendation;
- B. the NanoXplore Board authorizes NanoXplore, subject to complying with the terms of this Arrangement Agreement, to enter into a legally binding agreement with respect to a Superior Proposal; *provided that*, concurrently with such termination, NanoXplore pays the Termination Fee pursuant to Section 7.03;
- C. any condition set forth in Section 6.01 or Section 6.03 is not satisfied, and such condition is incapable of being satisfied by the Completion Deadline;
- D. subject to Section 6.04, a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Sigma set forth in this Arrangement Agreement (other than as set forth in Section 7.01) shall have occurred that would cause the conditions set forth in Section 6.01 or Section 6.03 not to be satisfied, and such conditions are incapable of being satisfied by the Completion Deadline; *provided that* NanoXplore is not then in breach of this Arrangement Agreement so as to cause any of the conditions set forth in Section 6.01 or Section 6.03 not to be satisfied;
- E. Sigma is in breach or in default of any of its obligations or covenants set forth in Section 7.01 other than an immaterial breach of Sigma's obligation under Section 7.01 to provide notice of an Acquisition Proposal to NanoXplore within a prescribed period;
- F. the Sigma Meeting has not occurred on or before September 30, 2018 *provided that* the right to terminate this Arrangement Agreement pursuant to this Section shall not be available to NanoXplore if the failure by NanoXplore to fulfil any obligation hereunder is the cause of, or results in, the failure of the Sigma Meeting to occur on or before such date; or

- G. the Sigma Board authorizes Sigma to enter into a legally binding agreement relating to a Superior Proposal;
- (iv) by Sigma, if:
- A. the Sigma Board authorizes Sigma, subject to complying with the terms of this Arrangement Agreement, to enter into a legally binding agreement with respect to a Superior Proposal; *provided that* concurrently with such termination, Sigma pays the Termination Fee payable pursuant to Section 7.03;
 - B. any condition set forth in Section 6.01 or Section 6.02 is not satisfied, and such condition is incapable of being satisfied by the Completion Deadline;
 - C. subject to Section 6.04, a breach of any representation or warranty or failure to perform any covenant or agreement on the part of NanoXplore set forth in this Arrangement Agreement shall have occurred that would cause the conditions set forth in Section 6.01 or Section 6.02 not to be satisfied, and such conditions are incapable of being satisfied by the Completion Deadline; *provided that* Sigma is not then in breach of this Arrangement Agreement so as to cause any of the conditions set forth in Section 6.01 or Section 6.02 not to be satisfied;
 - D. NanoXplore is in breach or default of its obligations or covenants set forth in Section 7.01 other than an immaterial breach of NanoXplore's obligation under Section 7.01 to provide notice of an Acquisition Proposal to Sigma within a prescribed period;
 - E. the NanoXplore Board authorizes NanoXplore to enter into a legally binding agreement relating to a Superior Proposal.
- (b) The Party desiring to terminate this Arrangement Agreement pursuant to this Section **8.2** (other than pursuant to Section 8.02(a)(i)) shall give notice of such termination to the other Parties.
- (c) If this Arrangement Agreement is terminated pursuant to this Section 8.02, this Arrangement Agreement shall become void and of no effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party hereto, except as otherwise expressly contemplated hereby, and *provided that* the provisions of this Section 8.02(c), Section 7.03, Section 7.04, Article 9 and the confidentiality terms and conditions (including the standstill provisions contained therein) in the Confidentiality Agreement shall survive any termination hereof pursuant to Section 8.02(a); provided further that neither the termination of this Arrangement Agreement nor anything contained in this Section 8.02 shall relieve a Party from any liability arising prior to such termination.

8.3 Mutual Understanding Regarding Amendments

- (a) In addition to the transactions contemplated hereby or at the request of a Party, the Parties will continue from and after the date hereof and through and including the Effective Date

to use their respective commercially reasonable efforts to maximize present and future planning opportunities for NanoXplore, SubCo, Sigma, the NanoXplore Shareholders, the Sigma Shareholders, the NanoXplore Subsidiaries and the Sigma Subsidiaries as and to the extent that the same shall not prejudice any party hereto or the shareholders thereof. The Parties will ensure that such planning activities do not impede the progress of the Arrangement in any material way.

- (b) The Parties mutually agree that if a Party proposes any other amendment or amendments to this Arrangement Agreement or to the Plan of Arrangement, NanoXplore on the one hand, and Sigma on the other hand, will act reasonably in considering such amendment and if the other of them and the shareholders thereof are not materially prejudiced by reason of any such amendment they will co-operate in a reasonable fashion with the Party proposing the amendment so that such amendment can be effected subject to applicable Laws and the rights of the NanoXplore Shareholders and the Sigma Shareholders.
- (c) At any time prior to the Sigma Meeting: (i) NanoXplore and Sigma shall each be entitled to propose to the other modifications to the Arrangement in order to facilitate the Tax or other planning objectives of NanoXplore, SubCo, Sigma, the NanoXplore Shareholders, the Sigma Shareholders, the NanoXplore Subsidiaries and the Sigma Subsidiaries, provided, in each case that: (A) any such proposal is not likely to materially prejudice the other Party, the NanoXplore Shareholders or the Sigma Shareholders; (B) would not impede or materially delay the completion of the transactions contemplated hereby; (C) the Party making the proposal has provided notice of such proposal to the other Party not less than 15 Business Days prior to the date of the Sigma Meeting; and (D) implementation of the proposal would not result in a transaction that is inconsistent with the fundamental terms of this Arrangement Agreement.
- (d) Each of NanoXplore and Sigma agree that any such modifications and any transactions or steps taken in accordance with this Section 8.03 shall not be considered in determining whether any representation or warranty made by them under this Arrangement Agreement has been breached if such modifications, transactions and steps are the sole cause of such breach.
- (e) NanoXplore and Sigma shall enter into an amending agreement reflecting the proposed amendments to the Arrangement and this Arrangement Agreement and the Plan of Arrangement shall be modified accordingly and NanoXplore and Sigma shall each use its respective commercially reasonable efforts to communicate any such modifications to the Sigma Shareholders and to ensure that any such modifications are, to the extent required under applicable Law, presented to the Sigma Shareholders at the Sigma Meeting.

8.4 Amendment

This Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Sigma Meeting but not later than the Effective Time, be amended by mutual written agreement of the Principal Parties, and any such amendment may, subject to the Interim Order and the Final Order and applicable Law, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; and/or
- (d) waive compliance with or modify any mutual conditions precedent herein contained.

8.5 Waiver

Any Principal Party may: (i) extend the time for the performance of any of the obligations or acts of the other Party; (ii) waive compliance, except as provided herein, with any of the other Principal Party's agreements or the fulfilment of any conditions to its own obligations contained herein; or (iii) waive inaccuracies in any of the other Principal Party's representations or warranties contained herein or in any document delivered by the other Principal Party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Principal Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived; and provided further that, for the purposes of this Section 8.05, SubCo and NanoXplore shall be deemed to constitute one and the same Principal Party.

ARTICLE 9 GENERAL

9.1 Privacy

Each Party shall comply with applicable privacy Laws in the course of collecting, using and disclosing personal information about an identifiable individual (the "**Transaction Personal Information**"). NanoXplore and SubCo shall not disclose Transaction Personal Information to any person other than to its advisors who are evaluating and advising on the transactions contemplated by this Arrangement Agreement. If NanoXplore and SubCo complete the transactions contemplated by this Arrangement Agreement, NanoXplore and SubCo shall not, following the Effective Date, without the consent of the individuals to whom such Transaction personal Information relates or as permitted or required by applicable Law, use or disclose Transaction Personal Information for purposes other than those for which such Transaction Personal Information was collected by Sigma prior to the Effective Date; and which does not relate directly to the carrying on of Sigma's business or to the carrying out of the purposes for which the transactions contemplated by this Arrangement Agreement were implemented.

NanoXplore and SubCo shall protect and safeguard the Transaction Personal Information against unauthorized collection, use or disclosure. NanoXplore and SubCo shall cause its advisors to observe the terms of this Section and to protect and safeguard Transaction Personal Information in their possession. If this Arrangement Agreement shall be terminated, NanoXplore and SubCo shall promptly deliver to Sigma all Transaction Personal Information in its possession or in the possession of any of its advisors, including all copies, reproductions, summaries or extracts thereof.

9.2 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Arrangement Agreement by a Party shall be in writing and shall be delivered by hand to the Party to which the notice is to be given at the following address or sent by facsimile transmission or e-mail to the following numbers or e-mail address or to such other address or facsimile number or e-mail address as shall be specified by a Party by like notice. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a Business Day or, if not, then the next succeeding Business Day) and if sent by facsimile or e-mail be deemed to have been given and received

at the time of receipt (if a Business Day or, if not, then the next succeeding Business Day) unless actually received after 4:00 p.m. (Montréal time) at the point of delivery in which case it shall be deemed to have been given and received on the next Business Day. The address for service of each of the Parties hereto shall be as follows:

- (a) if to Sigma:

Sigma Industries Inc.
55, route 271 South
Saint-Éphrem, QC G0M 1R0

Attention: Denis Bertrand, Chief Executive Officer
Email: denis.bertrand@sigmaindustries.ca

with copies (which shall not constitute notice) to:

Stein Monast, s.e.n.c.r.l.
Édifice Stein Monast
70, rue Dalhousie
Suite 300
Québec, QC G1K 4B2

Attention: Richard Provencher
Email: richard.provencher@steinmonast.ca

- (b) if to NanoXplore:

NanoXplore Inc.
25, Montpellier Boulevard
Montréal, QC H4N 2G3

Attention: Soroush Nazarpour, President and CEO
Email:

with a copy (which shall not constitute notice) to:

Lavery, de Billy L.L.P.
1, Place Ville Marie, Suite 4000
Montreal, QC H3B 4M4

Attention: René Branchaud
Email: rbranchaud@lavery.ca

9.03 Remedies

Subject to Section 7.03, the Parties acknowledge and agree that an award of money damages may be inadequate for any breach of this Arrangement Agreement by any Party or its Representatives and advisors and that such breach may cause the non-breaching Party irreparable harm. Accordingly, the Parties agree that, in the event of any such breach or threatened breach of this Arrangement Agreement by one of the Parties, Sigma (if NanoXplore is the breaching party) or

NanoXplore (if Sigma is the breaching party) will be entitled, without the requirement of posting a bond or other security, to seek equitable relief, including injunctive relief and specific performance. Subject to any other provision hereof including, without limitation, Section 7.03 hereof, such remedies will not be the exclusive remedies for any breach of this Arrangement Agreement but will be in addition to all other remedies available hereunder or at law or in equity to each of the Parties.

9.4 Expenses

Subject to Section 7.03(h) and 7.03(i), as the case may be, the Parties agree that all out-of-pocket expenses incurred in connection with this Arrangement Agreement and the transactions contemplated hereby, the Sigma Meeting, the preparation and mailing of the Circular, including legal and accounting fees, printing costs, financial advisor fees and all disbursements by advisors, shall be paid by the Party incurring such expense and that nothing in this Arrangement Agreement shall be construed so as to prevent the payment of such expenses. The provisions of this Section 9.04 shall survive the termination of this Arrangement Agreement.

9.5 Time of the Essence

Time shall be of the essence in this Arrangement Agreement.

9.6 Entire Agreement

This Arrangement Agreement, together with the agreements and other documents herein or therein referred to (for greater certainty, including the NanoXplore Disclosure Letter and Sigma Disclosure Letter), constitute the entire agreement and understanding between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained herein.

9.7 Further Assurances

Each Party shall, from time to time, and at all times hereafter, at the request of the other of them, but without further consideration, do, or cause to be done, all such other acts and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as shall be reasonably required in order to fully perform and carry out the terms and intent hereof including, without limitation, the Plan of Arrangement.

9.8 Governing Law

This Arrangement Agreement shall be governed by, and be construed in accordance with, the laws of the Province of Québec and the laws of Canada applicable therein but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of Québec. Each of the Parties hereby irrevocably attorns to the exclusive jurisdiction of the Courts of the Province of Québec in respect of all matters arising under and in relation to this Arrangement Agreement and waives any defences to the maintenance of an action in the Courts of the Province of Québec.

9.9 Execution in Counterparts

This Arrangement Agreement may be executed in one or more counterparts, each of which shall conclusively be deemed to be an original and all such counterparts collectively shall be conclusively deemed to be one and the same. Delivery of an executed counterpart of the signature page to this Arrangement Agreement by facsimile or other electronic means shall be effective as delivery of a manually executed counterpart of this Arrangement Agreement, and any Party delivering an executed counterpart of the signature page to this Arrangement Agreement by facsimile or other electronic means to any other Party shall thereafter also promptly deliver a manually executed original counterpart of this Arrangement Agreement to such other Party, but the failure to deliver such manually executed original counterpart shall not affect the validity, enforceability or binding effect of this Arrangement Agreement.

9.10 Waiver

No waiver or release by any Party shall be effective unless in writing and executed by the Party granting such waiver or release and any waiver or release shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence. Waivers may only be granted upon compliance with the provisions governing amendments set forth in Section 8.03 hereof.

9.11 No Personal Liability

- (a) No director or officer of Sigma shall have any personal liability whatsoever to NanoXplore under this Arrangement Agreement or any other document delivered in connection with this Arrangement Agreement or the Arrangement by or on behalf of Sigma.
- (b) No director or officer of NanoXplore shall have any personal liability whatsoever to Sigma under this Arrangement Agreement or any other document delivered in connection with this Arrangement Agreement or the Arrangement by or on behalf of NanoXplore.

9.12 Enurement and Assignment

NanoXplore may assign all or part of its rights under this Arrangement Agreement to, and its obligations under this Arrangement Agreement may be assumed by, a direct or indirect subsidiary of NanoXplore, provided that if such assignment and/or assumption takes place, NanoXplore shall continue to be liable jointly and severally with such subsidiary for all of its obligations hereunder.

This Arrangement Agreement shall enure to the benefit of the Parties and their respective successors and permitted assigns and shall be binding upon the Parties and their respective successors. This Arrangement Agreement may not be assigned by any Parties without the prior written consent of the other Party.

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

SIGMA INDUSTRIES INC.

Per: (s) Denis Bertrand
Denis Bertrand
Chief Executive Officer

NANOXPLORE INC.

Per: (s) Soroush Nazarpour
Soroush Nazarpour
President and Chief Executive Officer

10854611 CANADA INC.

Per: (s) Soroush Nazarpour
Soroush Nazarpour
President and Chief Executive Officer

SCHEDULE "A"
FORM OF PLAN OF ARRANGEMENT

**PLAN OF ARRANGEMENT UNDER SECTION 192
OF THE *CANADA BUSINESS CORPORATIONS ACT***

**PLAN OF ARRANGEMENT UNDER SECTION 192
OF THE CANADA BUSINESS CORPORATIONS ACT
ARTICLE 1
DEFINITIONS AND INTERPRETATION**

Section 1.1 Definitions.

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the meanings hereinafter set forth:

"Arrangement" means the arrangement under Section 192 of the CBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement and the provisions hereof or made at the direction of the Court in the Final Order with the written consent of the Parties, each acting reasonably;

"Arrangement Agreement" means the arrangement agreement dated as of July 3, 2018 between Sigma, NanoXplore and SubCo, as the same may be amended, restated or supplemented from time to time in accordance with its terms;

"Arrangement Resolution" means the special resolution of the Sigma Shareholders approving the Arrangement, the Plan of Arrangement, and the Arrangement Agreement to be considered at the Sigma Meeting;

"Arrangement Share Consideration" means for each Sigma Share valued at \$0.75, a NanoXplore Share valued at \$1.92;

"Articles of Arrangement" means the articles of arrangement of Sigma in respect of the Arrangement, required by the CBCA to be sent to the Director after the Final Order is made, which shall include this Plan of Arrangement and otherwise be in a form and content satisfactory to Sigma and NanoXplore, each acting reasonably;

"Business Day" means any day, other than a Saturday, a Sunday or a statutory holiday in Toronto, Ontario or Montréal, Québec;

"CBCA" means the *Canada Business Corporations Act* and the regulations made thereunder;

"Certificate of Arrangement" means the certificate of arrangement issued by the Director pursuant to Subsection 192(7) of the CBCA in respect of the Articles of Arrangement;

"Court" means the Superior Court of Quebec (Commercial Division);

"CRA" means Canada Revenue Agency;

"Debenture Resolution" means the resolution of the Sigma Shareholders approving the acquisition of the Sigma Debentures by NanoXplore, to be considered at the Sigma Meeting;

"Depository" means TSX Trust Company appointed for the purpose of, among other things, exchanging certificates representing Sigma Shares for NanoXplore Shares in connection with the Arrangement;

"Dissent Rights" shall have the meaning ascribed to such term in 0;

"Dissenting Shareholder" means a registered holder of Sigma Shares who dissents in respect of the Arrangement in strict compliance with the Dissent Rights, and who is ultimately determined to be entitled to be paid fair value for their Sigma Shares;

"Effective Date" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"Effective Time" means 12:01 a.m. (Montreal time) on the Effective Date, or such other time as the Parties may agree to in writing before the Effective Date;

"Exchange Ratio" means 0.390625 NanoXplore Share for one Sigma Share;

"Final Order" means the final order of the Court pursuant to Section 192 of the CBCA approving the Arrangement, as such order may be amended by the Court (with the consent of Sigma and NanoXplore, each acting reasonably) at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or amended on appeal (provided that any such amendment is acceptable to Sigma and NanoXplore, each acting reasonably);

"final prescription date" shall have the meaning ascribed to such term in Section 5.5;

"Former Sigma Shareholders" means, at and following the Effective Time, the holders of Sigma Shares immediately prior to the Effective Time;

"Governmental Entity" means (i) any applicable multinational, federal, provincial, state, regional, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, whether domestic or foreign, (ii) any subdivision, agency, commission, board or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"Interim Order" means the interim order of the Court pursuant to the CBCA in a form acceptable to Sigma and NanoXplore, each acting reasonably made in connection with the Arrangement, as such order may be amended, supplemented or varied by the Court (with the consent of Sigma and NanoXplore, each acting reasonably);

"Letter of Transmittal" means the letter of transmittal to be sent by Sigma to Sigma Shareholders for use in connection with the Arrangement, providing for the delivery of certificates representing Sigma Shares to the Depositary;

"MergeCo" means the amalgamated corporate entity to be formed by the amalgamation of SubCo and Sigma pursuant to the Arrangement;

"MergeCo Shares" means the common shares in the capital of MergeCo;

"NanoXplore" means NanoXplore Inc., a corporation existing under the CBCA;

"NanoXplore Shares" means the common shares in the capital of NanoXplore;

"**Parties**" means, collectively, Sigma, NanoXplore and SubCo, and "**Party**" means any one of them;

"**Person**" means an individual, partnership, association, body corporate, joint venture, business organization, trustee, executor, administrative legal representative, Governmental Entity or any other entity, whether or not having legal status;

"**Plan of Arrangement**" means this plan of arrangement proposed under Section 192 of the CBCA, and any amendments or variations made in accordance with the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of Sigma and NanoXplore, each acting reasonably;

"**Sigma**" means Sigma Industries Inc., a corporation existing under the CBCA;

"**Sigma Debentures**" means the debentures of Sigma currently issued and outstanding;

"**Sigma Meeting**" means the special meeting, including any adjournments or postponements thereof, of Sigma Shareholders to be held, among other things, to consider and, if deemed advisable, to approve the Arrangement Resolution and the Debenture Resolution;

"**Sigma Shareholders**" means, at any time, the registered or beneficial holders of Sigma Shares, as the context requires;

"**Sigma Shares**" means the common shares in the capital of Sigma; and

"**SubCo**" means 10854611 Canada Inc., a corporation existing under the CBCA;

"**SubCo Shares**" means the common shares in the capital of SubCo;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as may be amended from time to time; and

"**TSXV**" means the TSX Venture Exchange.

Words and phrases used herein that are defined in the Arrangement Agreement and not defined herein shall have the same meaning herein as in the Arrangement Agreement, unless the context otherwise requires. Words and phrases used herein that are defined in the CBCA and not defined herein or in the Arrangement Agreement shall have the same meaning herein as in the CBCA, unless the context otherwise requires.

Section 1.2 Date for Any Action.

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

ARTICLE 2 **ARRANGEMENT AGREEMENT**

Section 2.1 Arrangement Agreement.

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement except in respect of the sequence of the steps comprising the Arrangement

which shall occur in the order set forth herein. This Plan of Arrangement constitutes an arrangement as referred to in Section 192 of the CBCA.

ARTICLE 3 **ARRANGEMENT**

Section 3.1 Arrangement.

Commencing at the Effective Time, the following events or transactions shall occur and shall be deemed to occur in the following sequence without any further act or formality:

- (a) each Sigma Share held by a Dissenting Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all liens, claims and encumbrances, to NanoXplore, in consideration for a claim against NanoXplore in an amount determined and payable in accordance with Article 4, and the name of such holder will be removed from the central securities register as a holder of Sigma Shares and NanoXplore shall be recorded as the registered holder of the Sigma Shares so transferred and shall be deemed to be the legal owner of such Sigma Shares;
- (b) each Sigma Share outstanding immediately prior to the Effective Time held by a Sigma Shareholder (other than NanoXplore or any Dissenting Shareholder), shall be transferred by the holder thereof to NanoXplore in exchange for the Arrangement Share Consideration and NanoXplore shall be deemed to be the legal and beneficial owner thereof, free and clear of any liens, claims or encumbrances, subject to Section 3.3, Section 3.4 and Article 5;
- (c) Sigma will file an election with the CRA, to be effective prior to the amalgamation described in Section 3.1(d), to cease to be a public corporation for the purposes of the Tax Act;
- (d) Sigma and SubCo shall amalgamate to form one corporate entity, MergeCo;
- (e) upon the amalgamation of Sigma and SubCo described in Section 3.1(d):
 - (i) each SubCo Share held by NanoXplore immediately prior to the amalgamation shall be exchanged for one MergeCo Share;
 - (ii) each Sigma Share held by NanoXplore immediately prior to the amalgamation (including, for the avoidance of doubt, Sigma Shares transferred to NanoXplore pursuant to the steps in Section 3.1(a) and Section 3.1(b)) shall be exchanged for one MergeCo Share;
 - (iii) there shall be added to the stated capital account maintained in respect of the MergeCo Shares an amount equal to the sum of the aggregate stated capital of the issued and outstanding Sigma Shares and SubCo Shares, in each case determined immediately prior to the amalgamation of Sigma and SubCo pursuant to Section 3.1(d);
- (f) from and after the time of the amalgamation in Section 3.1(d):
 - (i) MergeCo will own and hold all of the property of Sigma and SubCo and, without limiting the provisions hereof, all rights of creditors or others will be unimpaired

by such amalgamation, and all liabilities and obligations of Sigma and SubCo, whether arising by contract or otherwise, may be enforced against MergeCo to the same extent as if such liabilities and obligations had been incurred or contracted by it;

- (ii) MergeCo will be liable for all of the liabilities and obligations of Sigma and SubCo;
- (iii) all rights, contracts, permits and interests of Sigma and SubCo will be rights, contracts, permits and interests of MergeCo as if Sigma and SubCo continued and, for greater certainty, the amalgamation will not constitute a transfer or assignment of the rights or obligations of either of Sigma or SubCo under any such rights, contracts, permits and interests;
- (iv) any existing cause of action, claim or liability to prosecution will be unaffected;
- (v) any civil, criminal or administrative action or proceeding pending by or against either SubCo or Sigma will be continued by or against MergeCo;
- (vi) a conviction against, or ruling, order or judgment in favour of or against either SubCo or Sigma may be enforced by or against MergeCo;
- (vii) the name of MergeCo shall be "Sigma Industries Inc.";
- (viii) MergeCo shall be authorized to issue an unlimited number of common shares without par value;
- (g) the articles of MergeCo shall be substantially in the form of Sigma's articles; and
- (h) the first directors of MergeCo following the amalgamation shall be Soroush Nazarpour and Luc Veilleux.

Section 3.2 Post-Effective Time Procedures.

- (a) Following the receipt of the Final Order and no later than one Business Day before the Effective Date, NanoXplore shall deliver or arrange to be delivered to the Depositary certificates representing the requisite NanoXplore Shares required to be issued to Former Sigma Shareholders in accordance with the provisions of Section 3.1, which certificates shall be held by the Depositary as agent and nominee for Former Sigma Shareholders for distribution to such Former Sigma Shareholders in accordance with the provisions of Article 5.
- (b) In accordance with the provisions of Article 5, Former Sigma Shareholders shall be entitled to receive delivery of the certificates representing NanoXplore Shares to which they are entitled pursuant to Section 3.1(b).
- (c) Subject to the provisions of Article 5, and upon return of a properly completed Letter of Transmittal by a registered Former Sigma Shareholder, together with certificates representing Sigma Shares and such other documents as the Depositary may require, the Former Sigma Shareholder shall be entitled to receive delivery of certificates representing the NanoXplore Shares to which it is entitled pursuant to Section 3.1(b).

Section 3.3 No Fractional NanoXplore Shares.

No fractional NanoXplore Shares shall be issued to Former Sigma Shareholders in connection with this Plan of Arrangement. The total number of NanoXplore Shares to be issued to Former Sigma Shareholders shall be rounded up to the nearest whole NanoXplore Share in the event that a Former Sigma Shareholder would otherwise be entitled to a fractional share representing 0.5 or more of an NanoXplore Share and shall, without additional compensation, be rounded down to the nearest whole NanoXplore Share in the event that a Former Sigma Shareholder would otherwise be entitled to a fractional share representing less than 0.5 of an NanoXplore Share.

Section 3.4 Transfers Free and Clear

Any transfer of securities pursuant to this Plan of Arrangement shall be free and clear of all liens, claims and encumbrances.

Section 3.5 Binding Effect.

This Plan of Arrangement will become effective at, and be binding at and after, the Effective Time on: (i) Sigma; (ii) NanoXplore; (iii) SubCo; and (iv) Former Sigma Shareholders without any further act or formality required on the part of any Person.

ARTICLE 4 DISSENT PROCEDURES

Section 4.1 Rights of Dissent.

Pursuant to the Interim Order, a registered holder of Sigma Shares may exercise dissent rights with respect to the Sigma Shares held by such holder ("**Dissent Rights**") in connection with the Arrangement pursuant to and in the manner set forth in section 190 of the CBCA, as modified by the Interim Order and this 0; provided that notwithstanding subsection 190(5) of the CBCA, the written objection to the Arrangement Resolution referred to in subsection 190(5) of the CBCA must be received by Sigma not later than 5:00 p.m. (Montreal time) two Business Days immediately preceding the date of the Sigma Meeting (as it may be adjourned or postponed from time to time). Each Dissenting Shareholder who is:

- (a) ultimately entitled to be paid fair value for such holder's Sigma Shares: (i) shall be deemed not to have participated in the transactions in Article 3 (other than Section 3.1(a)); (ii) shall be entitled to be paid the fair value of such Sigma Shares by NanoXplore (with funds of NanoXplore not directly or indirectly provided by Sigma), which fair value shall be determined as of the close of business on the day before the Arrangement Resolution was adopted; and (iii) shall not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holder not exercised their Dissent Rights in respect of such Sigma Shares; or
- (b) ultimately are not entitled, for any reason, to be paid fair value for such Sigma Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Sigma Shares.

Section 4.2 Recognition of Dissenting Holders

- (a) In no circumstances shall Sigma, NanoXplore or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the registered holder of those Sigma Shares in respect of which such rights are sought to be exercised.
- (b) For greater certainty, in no case shall Sigma, NanoXplore or any other Person be required to recognize Dissenting Holders as holders of Sigma Shares in respect of which Dissent Rights have been validly exercised after the completion of the transfer under Section 3.1(a), and the names of such Dissenting Holders shall be removed from the registers of holders of the Sigma Shares in respect of which Dissent Rights have been validly exercised at the same time as the event described in Section 3.1(a) occurs. In addition to any other restrictions under section 190 of the CBCA, none of the following shall be entitled to exercise Dissent Rights: (i) Sigma Shareholders who vote or have instructed a proxyholder to vote their Sigma Shares in favour of the Arrangement Resolution (but only in respect of such Sigma Shares).

ARTICLE 5

DELIVERY OF NANOXPLORE COMMON SHARES

Section 5.1 Delivery of NanoXplore Shares.

- (a) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented one or more outstanding Sigma Shares which were exchanged for NanoXplore Shares in accordance with Section 3.1, together with such other documents and instruments as would have been required to effect the transfer of the Sigma Shares formerly represented by such certificate under the CBCA and the articles of Sigma and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder following the Effective Time, a certificate representing the NanoXplore Shares which such holder is entitled to receive in accordance with Section 3.1.
- (b) After the Effective Time and until surrendered for cancellation as contemplated by Section 5.1(a), each certificate which immediately prior to the Effective Time represented one or more Sigma Shares shall be deemed at all times to represent only the right to receive in exchange therefor the entitlements which the holder of such certificate is entitled to receive in accordance with Section 3.1.

Section 5.2 Lost Certificates.

In the event that any certificate which immediately prior to the Effective Time represented one or more outstanding Sigma Shares which were exchanged or transferred in accordance with Section 3.1 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost, stolen or destroyed certificate, the consideration which such person is entitled to receive in accordance with Section 3.1, provided that, as a condition precedent to any such delivery by the Depositary, such person shall have provided a bond satisfactory to NanoXplore and the Depositary in such amount as NanoXplore and the Depositary may direct, or otherwise indemnified NanoXplore and the Depositary in a manner satisfactory to NanoXplore and the Depositary, against any claim that may be

made against NanoXplore or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise have taken such actions as may be required by the articles of Sigma.

Section 5.3 Distributions with Respect to Unsurrendered Certificates.

No dividend or other distribution declared or made after the Effective Time with respect to NanoXplore Shares with a record date after the Effective Time shall be delivered to the holder of any unsurrendered certificate which, immediately prior to the Effective Time, represented outstanding Sigma Shares unless and until the holder of such certificate shall have complied with the provisions of Section 5.1 or Section 5.2. Subject to applicable law and to Section 5.4, at the time of such compliance, there shall, in addition to the delivery of a certificate representing the NanoXplore Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend, interest or other distribution with a record date after the Effective Time theretofore paid with respect to such NanoXplore Shares.

Section 5.4 Withholding Rights.

Sigma, NanoXplore, MergeCo and the Depositary shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any Person hereunder, and from all dividends, interests or other distributions otherwise payable to any Former Sigma Shareholder, such amounts as Sigma, NanoXplore, MergeCo or the Depositary is required to deduct and withhold with respect to such payment under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of any applicable federal, provincial, state, local or foreign tax Laws, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the relevant Person in respect of which such deduction and withholding was made, provided that such withheld amounts are remitted to the appropriate Governmental Entity.

Section 5.5 Limitation and Prescription.

To the extent that a Former Sigma Shareholder shall not have complied with the provisions of Section 5.1 or Section 5.2 on or before the date which is five years after the Effective Date (the "**final prescription date**"), then:

- (a) any NanoXplore Shares which such Former Sigma Shareholder was entitled to receive shall be automatically cancelled without any repayment of capital in respect thereof and the certificates representing such NanoXplore Shares shall be delivered to NanoXplore by the Depositary for cancellation and shall be cancelled by NanoXplore, and the interest of the Former Sigma Shareholder in such NanoXplore Shares shall be terminated as of such final prescription date; and
- (b) any dividends or distributions which such Former Sigma Shareholder was entitled to receive under Section 5.3 shall be delivered by the Depositary to NanoXplore and such dividends or distributions shall be deemed to be owned by NanoXplore, and the interest of the Former Sigma Shareholder in such dividends, interests or distributions shall be terminated as of such final prescription date.

Section 5.6 U.S. Securities Laws Exemption.

Notwithstanding any provision herein to the contrary, NanoXplore and Sigma agree that the Plan of Arrangement will be carried out with the intention that all NanoXplore Shares issued on completion of the Plan of Arrangement to the Sigma Shareholders will be issued by NanoXplore in

reliance on the exemption from the registration requirements of the U.S. Securities Act of 1933, as amended, as provided by Section 3(a)(10) thereof.

ARTICLE 6 **AMENDMENTS**

Section 6.1 Amendments to Plan of Arrangement.

- (a) Sigma and NanoXplore reserve the right to amend, modify or supplement this Plan of Arrangement at any time and from time to time, provided that each such amendment, modification or supplement must be: (i) set out in writing; (ii) agreed to in writing by Sigma and NanoXplore; (iii) filed with the Court and, if made following the Sigma Meeting, approved by the Court; and (iv) communicated to Former Sigma Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Sigma at any time prior to the Sigma Meeting provided that NanoXplore shall have consented thereto in writing, with or without any other prior notice or communication, and, if so proposed and accepted by the persons voting at the Sigma Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Sigma Meeting shall be effective only if: (i) it is consented to in writing by each of NanoXplore and Sigma; and (ii) if required by the Court, it is consented to by holders of the Sigma Shares voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time but shall only be effective if it is consented to by each of Sigma and NanoXplore, provided that such amendment, modification or supplement concerns a matter which, in the reasonable opinion of Sigma and NanoXplore, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of Sigma or NanoXplore or any Former Sigma Shareholder.

ARTICLE 7 FURTHER **ASSURANCES**

Section 7.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out therein.

SCHEDULE "B"
ARRANGEMENT RESOLUTION

BE IT RESOLVED BY SPECIAL RESOLUTION THAT:

1. The arrangement (the "**Arrangement**") under Section 192 of the *Canada Business Corporations Act* (the "**CBCA**") involving Sigma Industries Inc. ("**Sigma**") pursuant to the arrangement agreement (the "**Arrangement Agreement**") among Sigma, NanoXplore Inc. ("**NanoXplore**") and 10854611 Canada Inc. dated July 3, 2018, all as more particularly described and set forth in the management information circular of Sigma dated July ●, 2018 (the "**Circular**") accompanying the notice of this meeting (as the Arrangement may be modified or amended in accordance with its terms), is hereby authorized, approved and adopted.
2. The plan of arrangement, as it has been or may be modified or amended in accordance with the Arrangement Agreement and its terms, involving Sigma (the "**Plan of Arrangement**"), the full text of which is set out as Schedule "A" to the Arrangement Agreement, is hereby authorized, approved and adopted.
3. The Arrangement Agreement, the actions of the directors of Sigma in approving the Arrangement, and the actions of the officers of Sigma in executing and delivering the Arrangement Agreement, and any modifications or amendments thereto are hereby ratified and approved.
4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the Sigma Shareholders (as defined in the Arrangement Agreement) or that the Arrangement has been approved by the Québec Superior Court in the Québec district (the "**Court**") , the directors of Sigma are hereby authorized and empowered, at their discretion, without further notice to or approval of the Sigma Shareholders: (a) to amend or modify the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement; and (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.
5. Any officer or director of Sigma is hereby authorized and directed for and on behalf of Sigma to make an application to the Court for an order approving the Arrangement and to execute, under the corporate seal of Sigma or otherwise, and to deliver or cause to be delivered, for filing with the Director under the CBCA, articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.

Any officer or director of Sigma is hereby authorized and directed for and on behalf of Sigma to execute or cause to be executed and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such person's opinion, may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such other document or instrument or the doing of any other such act or thing.