SHARE PURCHASE AND SALE AGREEMENT

Dated for reference the 27th day of August, 2015

Between

SONOMA RESOURCES INC.

and

CITY GROUP HOLDINGS LTD.
GRAND VISION DEVELOPMENT LTD.
KEFEI INVESTMENTS LTD.
ROYAL WEST PACIFIC HOLDINGS INC.

and

THE ELEMENT LIFESTYLE RETIREMENT INC. SHAREHOLDERS
As Set out in Schedule A

and

ELEMENT LIFESTYLE RETIREMENT INC.

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SHARE PURCHASE AND SALE AGREEMENT

THIS AGREEMENT dated for reference as of the 27th day of August, 2015

BETWEEN

SONOMA RESOURCES INC. a company incorporated under the laws of British Columbia having its registered and records office at 800 - 885 West Georgia Street, Vancouver, British Columbia V6C 3H1

("**Sonoma**")

AND:

CITY GROUP HOLDINGS LTD. a company incorporated under the laws of British Columbia having its registered and records office at 728 – 650 W. 41st Avenue, Vancouver, BC V5Z 2M9;

GRAND VISION DEVELOPMENT LTD. a company incorporated under the laws of British Columbia having its registered and records office at 800 – 885 W. Georgia St., Vancouver, BC V6C 3H1;

KEFEI INVESTMENTS LTD. a company incorporated under the laws of British Columbia having its registered and records office at 800 – 885 W. Georgia St., Vancouver, BC V6C 3H1;

ROYAL WEST PACIFIC HOLDINGS INC. a company incorporated under the laws of British Columbia having its registered and records office at 301 – 3701 E. Hastings St., Vancouver, BC V5C 2H6

(collectively the "**Principal Element Shareholders**")

AND:

THE ELEMENT LIFESTYLE RETIREMENT INC. SHAREHOLDERS, as set out in Schedule A

(together with the Principal Element Shareholders referred to as the "**Element Shareholders**" and individually an "**Element Shareholder**")

AND:

ELEMENT LIFESTYLE RETIREMENT INC., a company incorporated under the laws of British Columbia having its registered and records office at 1800 – 510 West Georgia Street, Vancouver, British Columbia V6B 0M3

("**Element**")

WHEREAS:

A. Sonoma and Element previously entered into a Letter of Intent dated June 24, 2015 (as amended on July 14, 2015 and August 17, 2015) and this Agreement is meant to supersede that Letter of Intent.

B. The Element Shareholders are the legal and beneficial owners of all of the issued and outstanding shares of Element as set out in Schedule A.

C. The Element Shareholders wish to sell, and Sonoma wishes to purchase, all of the outstanding Element Shares owned by the Element Shareholders on the terms and conditions set out in this Agreement.

D. The Principal Element Shareholders indirectly own and control Element and have, as a condition of the purchase and sale set forth in this Agreement, agreed to give certain representations and warranties as set forth in this Agreement.

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

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

(a) "**1933 Act**" means the *Securities Act of 1933*, as amended, of the United States of America, and the rules and regulations promulgated from time to time thereunder;

(b) "**1934 Act**" means the *Securities Exchange Act of 1934*, as amended, of the United States of America, and the rules and regulations promulgated from time to time thereunder;

(c) "**Agreed Amount**" has the meaning given to it in Section 2.3;

(d) "**Agreement**" means this Share Purchase and Sale Agreement, including the schedules attached hereto, as the same may be amended or supplemented from time to time;

(e) "**Applicable Laws**" means any domestic or foreign statute, law, ordinance, rule, regulation, restriction, published and legally binding regulatory policy or guideline, by-law (zoning or otherwise) or order or any consent, exemption, approval or licence of any domestic or foreign Governmental Entity that applies in whole or in part to the Parties, as the context requires, or to their respective businesses, undertakings, properties or securities including, without limitation, Canadian Securities Laws;

(f) “**BCBCA**” means the *Business Corporations Act* (British Columbia);

(g) “**Business Day**” means any day, other than a Saturday, a Sunday or a statutory holiday in Vancouver, British Columbia;

(h) “**Canadian Securities Laws**” means the Securities Act and the equivalent legislation in the other provinces and in the territories of Canada, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of the provinces and territories of Canada and the published rules and policies of the Exchange;

(i) “**Claim**” has the meaning given to it in Section 6.3;

(j) “**Closing**” means the completion of the Transaction;

(k) “**Closing Date**” means the date on which Closing occurs, which will be five days after the Condition Fulfillment Date or such other date as the Parties may agree;

(l) “**Condition Fulfillment Date**” means the date on which all of the conditions precedent set out in this Agreement have been either fulfilled or waived by the Party or Parties entitled to waive such conditions;

(m) “**Confidential Information**” has the meaning given to it in Section 8.1;

(n) “**Default Notice**” has the meaning given to it in Section 5.4;

(o) “**Direct Claim**” has the meaning given to it in Section 6.3;

(p) “**Effective Time**” means 10:00 a.m. on the Closing Date;

(q) “**Electing Element Shareholder**” has the meaning given to it in Section 2.3;

(r) “**Element Financial Statements**” means the audited financial statements of Element as at and for the financial year ended May 31, 2015, including the notes thereto;

(s) “**Element Information**” means the information describing Element and its business, operations and affairs, in the form provided by Element for inclusion in the Filing Statement;

(t) “**Element Shareholders**” means the holders of the Element Shares issued and outstanding on the date of this Agreement, as set out in Schedule A;

(u) “**Element Shares**” means the common shares, Class A Preferred shares and Class B Preferred shares in the capital of Element issued and outstanding on the date of this Agreement;

(v) “**Encumbrance**” includes any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, 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;

(w) "**Environmental Laws**" has the meaning given to it in Section 3.1(dd);

(x) "**Exchange**" means the TSX Venture Exchange;

(y) "**Filing Statement**" means the filing statement of Sonoma for the Transaction prepared pursuant to applicable Exchange policies;

(z) "**GAAP**" means the International Financial Reporting Standards (IFRS), including the principles set out in the CPA Canada Handbook at the relevant time;

(aa) "**Governmental Entity**" means (i) any 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, domestic or foreign, (ii) any subdivision, agent, 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, without limitation, the Exchange;

(bb) "**Indemnifiable Damages**" has the meaning given to it in Section 6.1;

(cc) "**Indemnified Party**" has the meaning given to it in Section 6.3;

(dd) "**Indemnifying Party**" has the meaning given to it in Section 6.3;

(ee) "**Letter of Intent**" means the letter of intent dated June 24, 2015 (as amended on July 14, 2015 and August 17, 2015) between Element and Sonoma with respect to the Transaction contemplated by this Agreement;

(ff) "**Material Fact**" has the meaning given to it in the Securities Act;

(gg) "**Misrepresentation**" has the meaning given to it in the Securities Act;

(hh) "**NEX**" means the separate board of the Exchange providing a trading forum for listed companies that have fallen below the Exchange's continued ongoing listing;

(ii) "**Parties**" means the parties to this Agreement and "**Party**" means any one of them;

(jj) "**Person**" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;

(kk) "**Purchase Price**" has the meaning given to it in Section 2.2;

(ll) "**Regulatory Approval**" means any approval, consent, waiver, permit, order or exemption from any Governmental Entity having jurisdiction or authority over any Party which is required or advisable to be obtained in order to permit the Transaction to be effected, including, without limitation, approval of the Exchange, and "**Regulatory Approvals**" means all such approvals, consents, waivers, permits, orders or exemptions;

(mm) "**Reporting Jurisdictions**" has the meaning given to it in Section 3.1(f);

(nn) "**Resulting Issuer**" means Sonoma as existing immediately following the Closing, whose securities will be listed on the Exchange;

(oo) "**Securities Act**" means the *Securities Act* (British Columbia);

(pp) "**Securities Authorities**" means the securities commissions in the Reporting Jurisdictions and the Exchange;

(qq) "**Shareholder Approval Waiver**" has the meaning given to it in Section 2.6;

(rr) "**Sonoma Financial Statements**" means the annual audited financial statements of Sonoma at and for the year ended March 31, 2015 including the notes thereto and the auditors' reports thereon;

(ss) "**Sonoma Financing**" means the issue by Sonoma of up to 17,300,000 common shares having an aggregate value of up to $4,325,000 at a price of not less than $0.25 per common share pursuant to a brokered and non-brokered private placement to be completed by Sonoma concurrent with, or subsequent to, the Closing;

(tt) "**Sonoma Information**" means the information describing Sonoma and its business, operations and affairs, in the form provided by Sonoma for inclusion in the Filing Statement;

(uu) "**Sonoma Shareholders**" means the holders of Sonoma Shares issued and outstanding on the date of this Agreement;

(vv) "**Sonoma Shareholders' Approval**" means the written consent of Sonoma Shareholders representing a majority of the issued and outstanding Sonoma Shares to the Transaction;

(ww) "**Sonoma Shares**" means the common shares in the capital of Sonoma issued and outstanding on the date of this Agreement;

(xx) "**Sponsor**" means Haywood Securities Inc., or such other sponsor as may be determined by Element in its sole discretion;

(yy) "**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 and charges, sales taxes, use taxes, ad valorem taxes, value added taxes, subsoil use or extraction taxes and ownership fees, transfer taxes (including, without limitation, taxes relating to the transfer of interests in real property or entities holding interests therein), franchise taxes, licence taxes, withholding taxes, health taxes, payroll taxes, employment taxes, Canada or Quebec 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 or any kind whatsoever, and any instalments in respect thereof, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such entity, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing;

(zz) "**Tax Act**" means the *Income Tax Act* (Canada);

(aaa) "**Tax Return**" means any return, election, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof;

(bbb) "**Third Party Claim**" has the meaning given to it in Section 6.3;

(ccc) "**Transaction**" has the meaning given to it in Section 2.1; and

(ddd) "**Transaction Processing Period**" means the period of time between the date of this Agreement and the Closing Date.

In addition, words and phrases used but not defined herein and defined in the BCBCA will have the same meaning herein as in the BCBCA unless the context otherwise requires.

1.2 Number and Gender

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and *vice versa* and words importing either gender include both genders and neuter.

1.3 Currency

In the absence of another specific designation of any currency, any dollar amount herein will be deemed to refer to Canadian dollars.

1.4 Interpretation Not Affected by Headings

The division of this Agreement into Articles and Sections and the insertion of headings herein are for convenience of reference only and will not affect in any way the meaning or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereto", "hereunder" and similar expressions refer to this 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. The word “including”, when following a general statement or term, is not to be construed as limiting the general statement or term to any specific item or matter set forth or to similar items or matters, but rather as permitting the general statement or term to refer also to all other items or matters that could reasonably fall within its broadest possible scope.

1.5 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 in the place where the action is required to be taken, such action will be required to be taken on the next succeeding day which is a Business Day in that place.

1.6 References to Statutes

A reference to a statute includes all regulations made thereunder, all amendments to the statute or regulations in force from time to time, and every statute or regulation that supplements or supersedes such statute or regulations.

1.7 References to Persons

A reference to a Person includes any successor to that Person.

1.8 Knowledge

Any reference herein to “the knowledge” of a Party means, unless otherwise specified, the actual knowledge of the officers and directors of such Party.

1.9 Entire Agreement

This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof, including the Letter of Intent. The schedules attached to this Agreement form an integral part of this Agreement.

1.10 Schedules

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

Schedule	Matter
A	Element Shareholders
B	Directors and Officers of Sonoma
C	Directors and Officers of Element

ARTICLE 2
THE TRANSACTION

2.1 Transaction

The Parties hereby agree to effect the Transaction pursuant to the terms and conditions set out in this Agreement. Subject to satisfaction of the terms and conditions set out in this Agreement, Sonoma will acquire all of the outstanding Element Shares in consideration for the issuance to the Element Shareholders of one Sonoma Share for each one Element Share held by the Element Shareholders (the "**Transaction**"). Concurrent with, or subsequent to, the Closing of the Transaction:

(a) all outstanding securities of Element will be transferred to Sonoma;

(b) Sonoma will issue a total of 31,900,000 Sonoma Shares to the Element Shareholders, on the basis of one Sonoma Share for each one Element Share; and

(c) Sonoma will complete the Sonoma Financing.

The Parties will take any other action and do anything, including the execution of any agreements, documents or instruments, that are necessary, desirable or useful to give effect to the Transaction, provided that nothing in this Agreement will prevent the ability of the directors of Sonoma and Element to fulfill their fiduciary or statutory duties.

2.2 Purchase and Sale

The deemed purchase price for each of the Element Shares is $0.25 per share, for an aggregate deemed consideration of $7,975,000 (the "**Purchase Price**"). The Purchase Price will be paid at Closing as follows:

(a) the Element Shareholders will deliver to Sonoma:

(i) share certificates in the names of the Element Shareholders representing all of the outstanding Element Shares for which certificates have been issued, duly endorsed for transfer to Sonoma; and

(ii) for all of the outstanding Element Shares for which certificates have not been issued, duly completed and signed stock transfer forms, in a form acceptable to Sonoma and Element, acting reasonably, sufficient to effect the transfer of such shares by the registered holder to Sonoma at the Closing;

(b) Sonoma will deliver to the Element Shareholders share certificates representing 31,900,000 Sonoma Shares at a deemed price and value of $0.25 per share duly issued in the names of the Element Shareholders.

2.3 Election for Tax Purposes

In the absence of any other election being made, the parties expect and intend that section 85.1 of the Tax Act will apply to the purchase and sale of Element Shares pursuant to this Agreement. However, at the request of an Element Shareholder to make an election under subsection 85(1) of the Tax Act (an "Electing Element Shareholder"), the Electing Element Shareholder and Sonoma will jointly elect in accordance with the provisions of subsection 85(1) of the Tax Act, in prescribed form and within the time stipulated in subsection 85(6) of the Tax Act, that the Electing Element Shareholder's proceeds of disposition of the Electing Element Shareholder's Element Shares and Sonoma's cost of the Electing Element Shareholder's Element Shares be an amount (the "Agreed Amount") equal to an amount specified by the Electing Element Shareholder. It is the sole responsibility of the Electing Element Shareholder to: (a) provide the completed prescribed form to Sonoma 60 days before the time limit stipulated in subsection 85(6) of the Tax Act so that Sonoma may execute the prescribed form; and (b) file the prescribed form within the time stipulated in subsection 85(6) of the Tax Act.

2.4 Escrow Requirements

The Parties acknowledge that the Exchange may require some or all of the Sonoma Shares issued prior to or pursuant to the Transaction to be held in escrow or pooled and each of Sonoma and Element will comply and use its reasonable efforts to cause the Sonoma Shareholders and Element Shareholders to comply with all such escrow or pooling requirements imposed by the Exchange.

2.5 Filing Statement

(a) As promptly as practicable after execution of this Agreement, Element will prepare the Filing Statement in accordance with applicable Canadian Securities Laws, the BCBCA, Exchange Form 3D2 and all other Applicable Laws. Sonoma will assist Element in the preparation of the Filing Statement and provide to Element, in a timely and expeditious manner, all information as may be required by Applicable Laws with respect to Sonoma for inclusion in the Filing Statement and any amendments or supplements thereto. The Element Information and the Sonoma Information, on both the date the Filing Statement is first provided to the Exchange and on the date the Filing Statement has received Exchange approval and is filed with the Securities Authorities through SEDAR and/or any Governmental Entity, will not contain any Misrepresentation and will comply in all material respects with all Applicable Laws, and Element and Sonoma each will correct promptly any such information provided by either of them for use in the Filing Statement that has ceased to meet such standard. In any such event, Element will prepare a supplement or amendment to the Filing Statement or such application or other document, as required and as the case may be, and, if required, will cause the same to be filed with the relevant Securities Authorities through SEDAR and/or any Governmental Entity after Sonoma and its counsel and advisors and the Exchange have had a reasonable opportunity to review and comment on all such documentation and all such documentation is in form and content reasonably satisfactory to Element and Sonoma.

(b) Sonoma will file and deliver the Filing Statement in accordance with the rules and policies of the Exchange.

(c) Sonoma will indemnify Element and its directors, officers and agents for any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Element, its directors, officers and agents may be subject or may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of any Misrepresentation or alleged Misrepresentation in the Sonoma Information.

(d) Element will indemnify Sonoma and its directors, officers and agents for any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Sonoma, its directors, officers and agents may be subject or may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of any Misrepresentation or alleged Misrepresentation in the Element Information.

2.6 Sonoma Shareholders' Approval or Waiver

(a) Sonoma has received, by way of an e-mail message from the Exchange dated August 26, 2015, the Exchange's confirmation that the Transaction can proceed with the benefit of a waiver of the shareholder approval requirement under the Exchange's Notice to Issuers Bulletin dated March 30, 2015 *Re: Reverse Takeovers and Changes of Business – Discretionary Waivers of Shareholder Approval Requirement* (a "**Shareholder Approval Waiver**").

(b) If, for any reason, the Parties are unable to rely on the August 26, 2015 Shareholder Approval Waiver, then Sonoma will make all commercially reasonable efforts to obtain the Sonoma Shareholders' Approval.

2.7 Board Composition and Management of the Resulting Issuer

The Parties acknowledge and agree, and Sonoma will make all commercially reasonable efforts to cause it to be the case, that the board of directors of the Resulting Issuer will be comprised of those individuals who comprise the board of directors of Element and such other individuals as Element may determine, and the only officers of the Resulting Issuer will be those individuals who are officers of Element and such other individuals as Element may determine.

2.8 Closing

Unless this Agreement is earlier terminated pursuant to the provisions hereof, on the Closing Date, Sonoma, Element and the Principal Element Shareholders will meet at the office of Bull, Housser & Tupper LLP, Suite 1800 – 510 West Georgia Street, Vancouver, British Columbia at 10:00 a.m. (Vancouver time) or at such other time or on such other date as they may mutually agree upon and each of them will deliver to the others of them the documents required or contemplated to be delivered by it, him or her hereunder to complete the Transaction and the other transactions contemplated by this Agreement.

2.9 Implementation Covenants

(a) **Listing**. Subject to compliance by Element with its obligations pursuant to Section 2.9, Sonoma will use reasonable efforts to have all of the Sonoma Shares issued pursuant to, or as a consequence of the Transaction accepted for listing by the Exchange as a Tier 2 listed issuer and Sonoma will provide Element with all communications sent to or received from the Exchange, or any other Securities Authorities in connection with the Transaction.

(b) **Regulatory Approvals**. Sonoma and Element will cooperate in the preparation of all applications for all Regulatory Approvals and the preparation of any other documents and taking of all actions reasonably deemed by Sonoma and Element, as the case may be, to be necessary to discharge its respective obligations under Applicable Laws in connection with each step of the Transaction and all other matters contemplated by this Agreement.

(c) **Additional Deliveries by Sonoma at Closing.** In addition to all other documents required hereunder to be delivered by Sonoma to the Element Shareholders and Element to complete the Transaction, Sonoma will deliver or cause to be executed and delivered to the Principal Element Shareholders at Closing:

(i) a certificate of good standing of Sonoma issued under the BCBCA;

(ii) a certified copy of the consent resolutions passed by the board of directors of Sonoma approving this Agreement and the Transaction;

(iii) a copy of the Shareholder Approval Waiver or the Sonoma Shareholders' Approval, as applicable;

(iv) written conditional acceptance of the Exchange to the completion of the Transaction, including the issuance of the Sonoma Shares in connection with the Transaction, subject only to the compliance with the usual requirements of the Exchange;

(v) evidence that Sonoma is a reporting issuer in the Reporting Jurisdictions and is not in default of any of the provisions therein;

(vi) resignations of all of the directors and officers of Sonoma;

(vii) share certificates representing 31,900,000 Sonoma Shares at a deemed price and value of $0.25 per share duly issued in the names of the Element Shareholders; and

(viii) a certificate of the President of Sonoma or another officer satisfactory to Element, pursuant to Section 5.3(a) and 5.3(b).

(d) **Additional Deliveries by the Element Shareholders at Closing.** In addition to all other documents required hereunder to be delivered to Sonoma to complete the Transaction, the Element Shareholders will deliver or cause to be executed and delivered to Sonoma at Closing:

(i) share certificates and stock transfer forms representing, in aggregate, the 31,900,000 outstanding Element Shares endorsed and otherwise prepared in accordance with the requirements of Sections 2.2(a)(i) or 2.2(a)(ii), as applicable;

(ii) a certificate of good standing of Element issued under the BCBCA;

(iii) a certified copy of the consent resolutions passed by the board of directors of Element approving this Agreement and the Transaction; and

(iv) a certificate of the President of Element or another officer satisfactory to Sonoma, pursuant to Section 5.2(a) and 5.2(b).

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Sonoma

Sonoma hereby represents and warrants:

(a) **Organization of Sonoma**. Sonoma has been incorporated and is validly subsisting under the BCBCA and has full corporate and legal power and authority to own its property and assets and to conduct its business as currently owned and conducted.

(b) **Authority**. Sonoma has all necessary power, authority and capacity to enter into this Agreement, and all other agreements and instruments to be executed by Sonoma as contemplated hereby and thereby, and to perform its obligations hereunder, thereunder and under such other agreements and instruments. The execution and delivery of this Agreement, and all other agreements and instruments to be executed by Sonoma as contemplated hereby and thereby and the completion by Sonoma of the Transaction contemplated by this Agreement have been authorized by the directors of Sonoma and no other corporate proceedings on the part of Sonoma are necessary to authorize this Agreement or to complete the Transaction contemplated by this Agreement other than the Shareholder Approval Waiver or Sonoma Shareholders' Approval, as applicable. This Agreement has been executed and delivered by Sonoma and constitutes a legal, valid and binding obligation of Sonoma, enforceable against it in accordance with its terms, subject to laws relating to bankruptcy, insolvency, reorganization, fraudulent transfer and moratorium, other Applicable Laws relating to or affecting creditors' rights generally and to general principles of equity.

(c) **Capitalization**. Sonoma is authorized to issue an unlimited number of Sonoma Shares. As of the date of this Agreement, there are 3,902,188 Sonoma Shares outstanding. All of the outstanding Sonoma Shares have been authorized and are issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights.

(d) **Options to Purchase Shares**. Except as otherwise disclosed in writing to the Element Shareholders or as contemplated in this Agreement and in respect of the Sonoma Financing, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Sonoma to issue or sell any Sonoma Shares or any securities or obligations of any kind convertible into or exchangeable or exercisable for any Sonoma Shares. There are no outstanding contractual obligations of Sonoma to repurchase, redeem or otherwise acquire any outstanding Sonoma Shares or with respect to the voting or disposition of any outstanding Sonoma Shares.

(e) **Listing**. All of the outstanding Sonoma Shares are listed on the NEX board of the Exchange under the symbol "SRQ.H".

(f) **Reporting Status**. (i) Sonoma is a reporting issuer in the provinces of British Columbia and Alberta (collectively the "**Reporting Jurisdictions**") and is not subject to section 12 or subsection 15(d) of the 1934 Act; and (ii) trading in Sonoma Shares was suspended by the Exchange on August 6, 2014, and remains suspended as of the date of this Agreement, and such trading suspension is expected to remain in effect until the Closing.

(g) **Continuous Disclosure**. Sonoma is current with all material filings required to be made under applicable Canadian Securities Laws, there are no filings that have been made on a confidential basis and all of such filings comply in all material respects with the requirements of all applicable Canadian Securities Laws. None of the public disclosure record documents filed by Sonoma under applicable Canadian Securities Laws contained a Misrepresentation as at its date of public dissemination.

(h) **Ordinary Course**. Since March 31, 2015, Sonoma has conducted business only in, and not taken any action except in, the ordinary course of business and consistent with past practice.

(i) **Sonoma Shares**. The Sonoma Shares to be issued to the Element Shareholders pursuant to the Transaction will, upon issue, be issued as fully paid and non-assessable shares of Sonoma.

(j) **Taxes**. Sonoma has duly filed in the prescribed manner and within the prescribed time except where failure to file within the prescribed time would not have a material adverse effect on Sonoma all Tax Returns required to be filed by it and such Tax Returns are correct and complete and Sonoma has made complete and accurate disclosure in those Tax Returns and in all materials accompanying those Tax Returns, except in respect of a particular Tax Return to the extent that it may have been modified in a subsequent Tax Return. Sonoma has paid all Taxes due and payable, including all Taxes shown on those Tax Returns as being due and payable and all Taxes payable under any assessment or reassessment. The Sonoma Financial Statements fully reflect accrued liabilities for all Taxes which are not yet due and payable and for which Tax Returns are not yet required to be filed as of the date of such financial statements. To the knowledge of Sonoma, no examination of any Tax Return of Sonoma by a Governmental Entity is currently in progress. There is no legal proceeding, assessment, re-assessment or request for information outstanding or, to the knowledge of Sonoma, threatened against Sonoma with respect to Taxes or any matters under discussion with any Governmental Entity relating to Taxes. There are no agreements, waivers or other arrangements providing for an extension of time with respect to any assessment or reassessment of Tax, the filing of any Tax Return or the payment of any Tax by Sonoma. Sonoma has withheld from each payment made by it the amount of all Taxes and other deductions required under any Applicable Laws to be withheld therefrom and has remitted all those amounts withheld and paid all instalments of Taxes due and payable before the date hereof to the relevant Governmental Entity within the time prescribed under any Applicable Laws. Sonoma has complied with all registration, reporting, collection and remittance requirements in respect of all Applicable Laws in respect of Taxes.

(k) **No Debt Instruments**. As of the date hereof, Sonoma has not incurred, authorized, agreed or otherwise become committed to provide guarantees for borrowed money or incurred, authorized, agreed or otherwise become committed for any indebtedness for borrowed money.

(l) **No Associates**. Sonoma has no associates (as such term is defined in the Securities Act) and is not a partner, co-tenant, joint-venturer or otherwise a participant in any partnership, co-tenancy or other similar jointly owned business.

(m) **No Limitation on Operations**. Except to the extent necessary to comply with Applicable Laws, Sonoma is not a party to or bound or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of Sonoma to compete in any line of business, or to transfer or move any of its assets or operations or which would materially impact the business practices, operations or condition of Sonoma which would prohibit or restrict Sonoma from entering into and completing the Transaction.

(n) **No Obligations**. Other than transfer agent fees, as well as legal, accounting and other fees and expenses in connection with remaining in good standing with the Exchange and as a reporting issuer in the Reporting Jurisdictions and in connection with the Transaction and the other transactions contemplated by this Agreement, Sonoma is not party to any agreement, contract, undertaking or commitment of any kind.

(o) **Financial Statements**. The Sonoma Financial Statements have been prepared in accordance with GAAP consistently applied and fairly present in all material respects the consolidated financial condition of Sonoma at the date indicated therein and the results of operations of Sonoma for the period covered therein on a consolidated basis. There are reasonable grounds for believing that (i) Sonoma is, able to pay its liabilities as they become due, (ii) the aggregate realizable value of the assets of the Resulting Issuer will not be less than the aggregate of the liabilities thereof and the stated capital of all classes of shares thereof, and (iii) no creditor of Sonoma will be prejudiced by the Transaction.

(p) **Liabilities**. Sonoma has no material liabilities, contingent or otherwise, except those set out in the Sonoma Financial Statements and those incurred in connection with this Transaction since the date of the Sonoma Financial Statements, all of which have been disclosed to Element.

(q) **Books and Records**. The corporate records and minute books of Sonoma have been maintained in all material respects in accordance with all Applicable Laws and are complete and accurate in all material respects. The financial books and records and accounts of Sonoma set out and disclose all material financial transactions of Sonoma and such transactions have been accurately recorded in such books and records. All of the directors and officers of Sonoma as of the date of this Agreement are listed in Schedule B.

(r) **No Conflict or Violation**. The making of this Agreement and the completion of the transactions contemplated hereby and the performance of and compliance with the terms hereof does not conflict with or result in the breach of, or the acceleration of, any terms, provisions or conditions of or constitute a default under the memorandum or articles of Sonoma or any agreement, or other instrument to which Sonoma is a party or is bound.

(s) **No Brokers**. Other than in respect of fees that may be payable in connection with the Sonoma Financing or to a sponsor of Sonoma that is required to be obtained by Sonoma pursuant to the policies of the Exchange in connection with the transactions contemplated by this Agreement, Sonoma has not agreed and will not agree to pay any brokerage fees, finder's fees, financial advisory fees, agent's commissions or other similar forms of compensation in connection with this Agreement or the Transaction contemplated by this Agreement.

(t) **Compliance with Laws**. Sonoma has complied in all material respects with all Applicable Laws, orders, judgments and decrees and has not received a notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with Applicable Laws.

(u) **Litigation**. There are no material claims, actions, suits, proceedings or investigations commenced or, to the knowledge of Sonoma, threatened or contemplated, against or affecting Sonoma or affecting any its properties or assets before any Governmental Entity or before or by any Person or before any arbitrator of any kind.

(v) **No Insolvency**. Sonoma is not insolvent within the meaning of applicable bankruptcy, insolvency or fraudulent conveyance laws. No act or proceeding has been taken by or against Sonoma in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of Sonoma or the appointment of a trustee, receiver, manager or other administrator of Sonoma or its properties or assets.

(w) **Employment Agreements**. Except as otherwise disclosed in writing to the Element Shareholders, Sonoma is not a party to or bound by any written contracts in respect of any employee, former employee or consultant.

(x) **Consents**. No Regulatory Approval is required to be obtained by Sonoma in connection with the execution and delivery of this Agreement, the Transaction or any other transactions contemplated by this Agreement other than:

(i) any filings or approvals required under the policies of the Exchange, the BCBCA or under applicable Canadian Securities Laws; and

(ii) any other consents, approvals, orders, authorizations, declarations or filings of or with a Governmental Entity which, either individually or in the aggregate, if not obtained, either individually or in the aggregate would not, and could not reasonably be expected to have a material adverse effect on Sonoma on a consolidated basis or on the ability of Sonoma to complete the Transaction contemplated by this Agreement.

(y) **Full Disclosure**. Sonoma has made available to Element and the Element Shareholders all material information, including financial, operational and other information, in respect of Sonoma and the business thereof, and all such information as made available to Element and the Element Shareholders is true and correct in all material respects and no Material Fact or Material Facts have been omitted therefrom which would make such information misleading.

(z) **No Shareholders' Agreements**. To the knowledge of Sonoma, there are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the Sonoma Shares other than the pooling agreement or arrangement which will be required to be entered into pursuant to this Transaction and the requirements of the Exchange.

(aa) **Shareholder Approval Required**. If the Shareholder Approval Waiver is not obtained, the only approval by the Sonoma Shareholders or holders of any other securities of Sonoma necessary to approve the Transaction is the Sonoma Shareholders' Approval. If the Shareholder Approval Waiver is obtained, no other approvals of the Sonoma Shareholders or holders of any other securities of Sonoma are necessary to approve the Transaction.

(bb) **Compliance with Employment Laws**. Sonoma is in material compliance with all Applicable Laws respecting employment and employment practices, terms and conditions of employment, occupational health and safety, pay equity and wages. There is not any, or any reasonable foreseeable, labour disruption or conflict involving Sonoma.

(cc) **Auditors**. There has never been a reportable disagreement (within the meaning of *National Instrument 51-102 Continuous Disclosure Obligations*) with the current auditors of Sonoma.

(dd) **Environment**. Sonoma is in material compliance with any and all Applicable Laws relating to the protection of human health and safety, conservation, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("**Environmental Laws**").

3.2 Representations and Warranties of the Principal Element Shareholders and Element

Element and the Principal Element Shareholders jointly and severally represent and warrant to Sonoma that:

(a) **Incorporation.** Element has been duly incorporated, organized and exists under the BCBCA, is not a reporting issuer, and is a valid and subsisting company in good standing with respect to filing of annual reports with the Registrar of Companies of British Columbia.

(b) **No Subsidiaries**. Element does not have any subsidiaries.

(c) **Authority**. Element has all necessary power, authority and capacity to enter into this Agreement, and all other agreements and instruments to be executed by Element as contemplated hereby and thereby, and to perform its respective obligations hereunder and thereunder. The execution and delivery of this Agreement by Element and the completion by Element of the Transaction and other transactions contemplated by this Agreement will not violate or result in the breach of the laws of any applicable jurisdiction or of its constating documents and have been authorized by the directors of Element and no other corporate proceedings on the part of Element are necessary to authorize this Agreement or to complete the Transaction and other transactions contemplated by this Agreement. Agreement has been executed and delivered by Element and constitutes a legal, valid and binding obligation of Element, enforceable against Element in accordance with its terms, subject to laws relating to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other Applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity.

(d) **Title**. Element has good and marketable title to and possession of all assets used in carrying out its business, free and clear of all Encumbrances.

(e) **Authorized and Issued Capital**. Element is authorized to issue an unlimited number of Common shares without par value, an unlimited number of Class A Preferred shares with a par value of $0.05 each and an unlimited number of Class B Preferred shares with a par value of $0.10 each. As of the date of this Agreement, there are 24,000,000 Common shares, 5,500,000 Class A Preferred shares and 2,400,000 Class B Preferred shares issued and outstanding in the capital of Element (the "**Element Shares**"). All of the outstanding Element Shares have been authorized and are issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights.

(f) **No Options to Purchase Shares**. Except for options to purchase shares of Element granted by Element in connection with the Transaction and in accordance with the policies of the Exchange, no Person, other than Sonoma under this Agreement, has any right, present or future, contingent or absolute (whether by law, pre-emptive or contract), to purchase the Element Shares or to require Element to issue any share in its capital and, in particular, there are no outstanding securities of Element which are convertible into shares in the capital of Element and there are no outstanding options on or rights to subscribe for any of the unissued shares in the capital of Element.

(g) **Valid Issuance and Transfer.** The Element Shares are validly issued and outstanding as fully paid and non-assessable in the capital of Element and have been issued in compliance with all Applicable Laws. None of the Element Shares have been transferred by one Person to another except in full compliance with all Applicable Laws, the constating documents and any other applicable agreements.

(h) **Listing**. The outstanding Element Shares are not listed on any stock exchange.

(i) **Reporting Status**. Element is not a reporting issuer or its equivalent in any province or territory of Canada and is not subject to section 12 or subsection 15(d) of the 1934 Act. To the knowledge of Element, no investigation or other proceedings involving Element which may operate to prevent or restrict trading of any securities of Element are currently in progress or pending before any Securities Authority.

(j) **Taxes**. Element has duly filed in the prescribed manner and within the prescribed time except where failure to file within the prescribed time would not have a material adverse effect on Element all Tax Returns required to be filed by them and such Tax Returns are correct and complete and Element has made complete and accurate disclosure in those Tax Returns and in all materials accompanying those Tax Returns, except in respect of a particular Tax Return to the extent that it may have been modified in a subsequent Tax Return. Element has paid all Taxes due and payable, including all Taxes shown on those Tax Returns as being due and payable and all Taxes payable under any assessment or reassessment. The Element Financial Statements fully reflect accrued liabilities for all Taxes which are not yet due and payable and for which Tax Returns are not yet required to be filed as of the date of such financial statements. To the knowledge of Element, no examination of any Tax Return of Element by a Governmental Entity is currently in progress. There is no legal proceeding, assessment, re-assessment or request for information outstanding or, to the knowledge of Element, threatened against Element with respect to Taxes or any matters under discussion with any Governmental Entity relating to Taxes. There are no agreements, waivers or other arrangements providing for an extension of time with respect to any assessment or reassessment of Tax, the filing of any Tax Return or the payment of any Tax by Element. Element has withheld from each payment made by it the amount of all Taxes and other deductions required under any Applicable Laws to be withheld therefrom and has remitted all those amounts withheld and paid all instalments of Taxes due and payable before the date hereof to the relevant Governmental Entity within the time prescribed under any Applicable Laws. Element has complied with all registration, reporting, collection and remittance requirements in respect of all Applicable Laws in respect of Taxes.

(k) **No Debt Instruments**. Element has not incurred, authorized, agreed or otherwise become committed to provide guarantees for borrowed money or incurred, authorized, agreed or otherwise become committed for any indebtedness for borrowed money.

(l) **No Limitation on Operations.** Except to the extent necessary to comply with Applicable Laws, Element is not a party to or bound or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of Element to compete in any line of business, or to transfer or move any of its assets or operations or which would materially impact the business practices, operations or condition of Element which would prohibit or restrict Element from entering into and completing the Transaction.

(m) **Financial Statements**. The Element Financial Statements have been prepared in accordance with GAAP consistently applied and fairly present in all material respects the financial condition of Element at the dates indicated therein and the results of operations of Element for the periods covered therein.

(n) **Liabilities**. Element has no material liabilities, contingent or otherwise, except those set out in the Element Financial Statements and those incurred in the ordinary course of business since the date of the Element Financial Statements.

(o) **Books and Records**. The corporate records and minute books of Element have been maintained in all material respects in accordance with all Applicable Laws and are complete and accurate in all material respects. The financial books and records and accounts of Element set out and disclose all material financial transactions of Element and such transactions have been accurately recorded in such books and records All of the directors and officers of Element are listed in Schedule C.

(p) **No Conflict or Violation**. The making of this Agreement and the completion of the transactions contemplated hereby and the performance of and compliance with the terms hereof does not conflict with or result in the breach of, or the acceleration of, any terms, provisions or conditions of or constitute a default under the memorandum or articles of Element or any agreement, or other instrument to which Element is a party or is bound.

(q) **Compliance with Laws**. Element has complied in all material respects with all Applicable Laws, orders, judgments and decrees and has not received a notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with Applicable Laws. Without limiting the generality of the foregoing, all outstanding securities of Element have been issued in compliance, in all material respects, with all applicable Canadian Securities Laws.

(r) **Litigation**. There are no material claims, actions, suits, proceedings or investigations commenced or, to the knowledge of Element, threatened or contemplated, against or affecting Element, or affecting any of its assets before any Governmental Entity or before or by any Person or before any arbitrator of any kind.

(s) **No Insolvency**. Element is not insolvent within the meaning of applicable bankruptcy, insolvency or fraudulent conveyance laws. No act or proceeding has been taken by or against Element in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of Element, or the appointment of a trustee, receiver, manager or other administrator of Element, or any of its assets.

(t) **Consents**. No Regulatory Approval is required to be obtained or made by Element in connection with the execution and delivery of this Agreement, or the completion of the Transaction and the other transactions contemplated by this Agreement other than:

(i) the approval of the Exchange of the Transaction and any other filings or approvals required under the policies of the Exchange, the BCBCA or under applicable Canadian Securities Laws; and

(ii) any other consents, approvals, orders, authorizations, declarations or filings of or with a Governmental Entity which, either individually or in the aggregate, if not obtained, would not, and could not reasonably be expected to, have a material adverse effect on Element or on the ability of Element to complete the Transaction and the other transactions contemplated by this Agreement.

(u) **Full Disclosure**. Element has made available to Sonoma all material information, including financial, operational and other information, in respect of Element and the business thereof and all such information as made available to Sonoma is true and correct in all material respects and no Material Fact or Material Facts have been omitted therefrom which would make such information misleading.

(v) **Compliance with Employment Laws**. Element is in material compliance with all Applicable Laws respecting employment and employment practices, terms and conditions of employment, occupational health and safety, pay equity and wages. There is not any, or any reasonable foreseeable, labour disruption or conflict involving Element.

(w) **Environment**. Element is in material compliance with any and all Environmental Laws.

(x) **Environmental Claims**. There have been no past, and, to knowledge of Element, there are no threatened or pending claims, complaints, notices or requests for information received by Element with respect to any alleged violation of any Environmental Law and no conditions exist at, on or under any property now or previously owned, operated, leased or contracted to perform work by Element which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law.

(y) **Auditors**. There has never been a reportable disagreement (within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations*) with the current auditors of Element.

3.3 General Element Shareholder Representations

The Element Shareholders, severally and not jointly represent and warrant that:

(a) **Authority.** They have good and sufficient right and authority to enter into this Agreement on the terms and conditions herein set forth and to implement this Agreement and that this Agreement constitutes the legal, valid and binding agreement of the Element Shareholders, enforceable against such Element Shareholders in accordance with its terms.

(b) **Encumbrances.** The Element Shareholders' Element Shares are free and clear of all Encumbrances other than those restrictions on transfer, if any, contained in the articles of Element.

(c) **No Pending Action, etc.** There is no private or governmental action, suit, proceeding, claim, arbitration or investigation pending before any court, governmental authority or stock exchange, or, to the knowledge of the Element Shareholders, threatened against the Element Shareholders or any of their respective properties that, individually or in the aggregate, could reasonably be expected to have an adverse effect on the Element Shareholders' ability to consummate the transactions contemplated by this Agreement. There is no order of any court, governmental authority or stock exchange against the Element Shareholders that could prevent, enjoin, alter or materially delay any of the transactions contemplated by this Agreement, or that could reasonably be expected to have an adverse effect on the Element Shareholders' ability to consummate the Transaction.

(d) **No Voting Trust.** Except as in accordance with the Transaction, the Element Shareholders have not previously granted or agreed to grant any power of attorney or attorney in fact, proxy, or other right to vote in respect of the Element Shares or entered into any voting trust, pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind as to the Element Shares.

3.4 Survival of Representations and Warranties

The representations and warranties contained in this Agreement will survive the execution and delivery of this Agreement and will expire and be terminated and extinguished on the Closing Date. Any investigation by Sonoma, the Principal Element Shareholders or Element and their respective advisors will not mitigate, diminish or affect the representations and warranties contained in this Agreement.

ARTICLE 4
COVENANTS

4.1 Covenants of Sonoma

Except as required by Applicable Law or with the prior written consent of the Element Shareholders, Sonoma hereby covenants and agrees with the Element Shareholders that, during the Transaction Processing Period, other than as expressly contemplated or permitted by this Agreement:

(a) **Shareholder Approval Waiver or Sonoma Shareholders' Approval**. If, for any reason, the Exchange does not allow the Transaction to proceed with the benefit of the Exchange's August 26, 2015 Shareholder Approval Waiver, then Sonoma will:

(i) make all commercially reasonable efforts to obtain the Sonoma Shareholders' Approval by October 31, 2015; and

(ii) take all such actions as may be required under the BCBCA, Canadian Securities Laws or by the Exchange in connection with the Transaction and the other transactions contemplated by this Agreement.

(b) **Usual Business**. Other than in contemplation of or as required to give effect to the Transaction, Sonoma will, conduct business only in, and not take any action except in, the ordinary course of business and consistent with past practice.

(c) **Certain Actions Prohibited**. Other than in contemplation of or as required to give effect to the Transaction and the other transactions contemplated by this Agreement, Sonoma will not, directly or indirectly, do or permit to occur any of the following:

(i) other than in connection with the Sonoma Financing, issue, sell, pledge, lease, dispose of, encumber or create any Encumbrance on or agree to issue, sell, pledge, lease, dispose of or encumber or create any Encumbrance on any Sonoma Shares, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any Sonoma Shares;

(ii) sell, lease or otherwise dispose of or encumber or create any Encumbrance on, any material property or assets of Sonoma or enter into any agreement or commitment in respect of any of the foregoing;

(iii) amend or propose to amend the constating documents of Sonoma;

(iv) split, combine or reclassify the Sonoma Shares, or declare, set aside or pay any dividend or other distribution payable in cash, securities, property or otherwise with respect to the Sonoma Shares;

(v) redeem, purchase or offer to purchase any Sonoma Shares;

(vi) reorganize, amalgamate or merge Sonoma with any other Person;

(vii) relinquish any contractual rights, which are, individually or in the aggregate, material;

(viii) 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;

(ix) acquire or agree to acquire (by merger, transaction, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof (or material interest therein), or make any investment either by purchase of shares or securities, contributions of capital or property transfer;

(x) enter into any material contract; or

(xi) enter into any transaction with or make payments to a party or parties with which it does not deal at arm's length other than issuance of securities in connection with the Sonoma Financing or in the ordinary course of business;

(d) **Certain Actions**. Sonoma will:

(i) not take any action, that would interfere with or be inconsistent with the completion of the Transaction and the other transactions contemplated by this Agreement or would render, or that may reasonably be expected to render, any representation or warranty made by Sonoma in this Agreement untrue or inaccurate at any time prior to the Effective Time if then made; and

(ii) promptly notify the Element Shareholders of (A) any material Governmental Entity or third person complaints, investigations or hearings (or communications indicating that the same may be contemplated) regarding Sonoma, (B) any breach by Sonoma of any covenant or agreement contained in this Agreement, and (C) any event occurring subsequent to the date hereof that would render any representation or warranty of Sonoma contained in this Agreement, if made on or as of the date of such event or the Closing Date, to be untrue or inaccurate in any material respect.

(e) **Employment Arrangements**. Sonoma will not, other than pursuant to existing employment, termination or compensation arrangements or policies, enter into or modify any employment, severance or similar agreement, policy or arrangement with, or grant any bonus, salary increase, option to purchase shares, profit sharing, retirement allowance, deferred compensation, incentive compensation, severance, change of control or termination pay to, or make any loan to, any employee, officer or director of Sonoma.

(f) **Satisfaction of Conditions**. Sonoma will use reasonable efforts to satisfy, or cause to be satisfied, all conditions precedent to its obligations and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Transaction and the other transactions contemplated by this Agreement, including using reasonable efforts to:

(i) obtain the Shareholder Approval Waiver or Sonoma Shareholders' Approval, as applicable;

(ii) obtain all Regulatory Approvals and other consents, approvals and authorizations as are required to be obtained by Sonoma under any Applicable Law or from any Governmental Entity which would, if not obtained, materially impede the completion of the Transaction and the other transactions contemplated by this Agreement or have a material adverse effect on Sonoma on a consolidated basis;

(iii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the Transaction and the other transactions contemplated by this Agreement and participate and appear in any proceedings of any Party before any Governmental Entity;

(iv) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement or the Transaction or seeking to stop, or otherwise adversely affecting the ability of the Parties to consummate, the Transaction;

(v) fulfill all conditions and satisfy all provisions of this Agreement required to be fulfilled or satisfied by Sonoma; and

(vi) cooperate with Element in connection with the performance by Element of its obligations hereunder.

(g) **Cooperation**. Sonoma will make, or cooperate as necessary in the making of, all necessary filings and applications under all Applicable Laws required in connection with the Transaction and the other transactions contemplated by this Agreement and take all reasonable action necessary to be in compliance with such Applicable Laws.

(h) **Representations**. Sonoma will use reasonable efforts to conduct its affairs so that all of the representations and warranties of Sonoma contained herein will be true and correct on and as of the Closing Date as if made on and as of such date.

(i) **Books and Records**. Sonoma will continue to make available and cause to be made available to Element and its agents and advisors, all documents and agreements (including, without limitation, minute books) as may be necessary to enable Element to effect a thorough investigation of Sonoma and the business, properties and financial status thereof and to enable Element to provide all disclosure necessary or advisable to the Element Shareholders. Sonoma will cause its senior officers to discuss and answer fully any and all questions relating to the business and affairs of Sonoma. The provisions of this Section are without prejudice to the representations and warranties of Sonoma set out in Section 3.1 and the conditions in favour of Element set out in Sections 5.1 and 5.3.

(j) **Refrain from Certain Actions.** Without limiting the provisions of Section 4.1(c), Sonoma will not take any action, refrain from taking any action (subject to reasonable efforts), or permit any action to be taken or not taken, inconsistent with the provisions of this Agreement or which would reasonably be expected to materially impede the completion of the transactions contemplated by this Agreement or which would or could have a materially adverse effect on Sonoma on a consolidated basis, provided that where Sonoma is required to take any such action or refrain from taking such action (subject to reasonable efforts) as a result of this Agreement, Sonoma will immediately notify Element in writing of such circumstances.

(k) **Closing Documents.** Sonoma will execute and deliver, or cause to be executed and delivered, to Element at the Closing such customary agreements, certificates, resolutions, opinions and other closing documents as may be required by the other Parties, including but not limited, the documents referred to in Section 2.9(c), all in form satisfactory to the other Parties, acting reasonably.

4.2 Covenants of the Element Shareholders and Element

Except as required by Applicable Law or with the prior written consent of Sonoma, the Element Shareholders and Element hereby covenant and agree that, during the Transaction Processing Period, other than as expressly contemplated or permitted by this Agreement:

(a) **Certain Actions Prohibited**. Other than in contemplation of or as required to give effect to the transactions contemplated by the Transaction and the other transactions contemplated by this Agreement, the Element Shareholders will not, and will not permit Element to, directly or indirectly, do or permit to occur any of the following, except as otherwise contemplated herein:

(i) alter Element's capital structure, or issue, or permit the transfer of any of Element's securities;

(ii) directly or indirectly, solicit, engage in, enter into agreements with, or initiate any discussions with any third party with respect to any transactions or proposed transactions that, directly or indirectly, involve a disposition of any material assets of Element, and will notify Sonoma promptly after the receipt of any offer from any third party proposing any such transaction, together with a copy of the particulars thereof;

(iii) other than in connection with the Transaction, issue, sell, pledge, lease, dispose of, encumber or create any Encumbrance on or agree to issue, sell, pledge, lease, dispose of or encumber or create any Encumbrance on any Element Shares, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any Element Shares, other than in connection with the Transaction and in accordance with the policies of the Exchange;

(iv) sell, lease or otherwise dispose of or encumber or create any Encumbrance on any of Element's material property or assets or enter into any agreement or commitment in respect of any of the foregoing;

(v) amend or propose to amend the constating documents of Element;

(vi) split, combine or reclassify the Element Shares, or declare, set aside or pay any dividend or other distribution payable in cash, securities, property or otherwise with respect to the Element Shares;

(vii) redeem, purchase or offer to purchase any Element Shares, other than pursuant to any options or obligations or rights under existing contracts, agreements and commitments;

(viii) reorganize, amalgamate or merge Element with any other Person;

(ix) relinquish any contractual rights which are, individually or in the aggregate, material to Element;

(x) other than in the ordinary course of Element's business and consistent with past practice, permit or cause Element to, directly or indirectly, 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

(xi) permit or cause Element to, directly or indirectly, acquire or agree to acquire (by merger, transaction, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof (or material interest therein), or make any investment either by purchase of shares or securities, contributions of capital or property transfer.

(b) **Certain Actions**. Element will:

(i) not take any action that would interfere with or be inconsistent with the completion of the Transaction or the other transactions contemplated by this Agreement or would render, or that reasonably may be expected to render, any representation or warranty made by Element in this Agreement untrue or inaccurate at any time prior to the Effective Time if then made; and

(ii) promptly notify Sonoma of (A) any material Governmental Entity or third person complaints, investigations or hearings (or communications indicating that the same may be contemplated) regarding Element (B) any breach by Element of any covenant or agreement contained in this Agreement, and (C) any event occurring subsequent to the date hereof that would render any representation or warranty of Element contained in this Agreement, if made on or as of the date of such event or the Closing Date, to be untrue or inaccurate in any material respect.

(c) **Satisfaction of Conditions**. Element will use reasonable efforts to satisfy, or cause to be satisfied, all conditions precedent to its obligations and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Transaction and the other transactions contemplated by this Agreement, including using its reasonable efforts to:

(i) obtain all Regulatory Approvals and other consents, approvals and authorizations as are required to be obtained by Element under any Applicable Law or from any Governmental Entity which would, if not obtained, materially impede the completion of the Transaction and the other transactions contemplated by this Agreement or have a material adverse effect on Element;

(ii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the Transaction and the other transactions contemplated by this Agreement and participate and appear in any proceedings of any Party before any Governmental Entity;

(iii) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement or the Transaction and the other transactions contemplated by this Agreement or seeking to stop, or otherwise adversely affecting the ability of the Parties to consummate, the transactions contemplated by this Agreement;

(iv) fulfill all conditions and satisfy all provisions of this Agreement required to be fulfilled or satisfied by Element; and

(v) cooperate with Sonoma in connection with the performance by Sonoma of its obligations hereunder.

(d) **Cooperation.** Element will make, or cooperate as necessary in the making of, all necessary filings and applications under all Applicable Laws required in connection with the Transaction and the other transactions contemplated by this Agreement and take all reasonable action necessary to be in compliance with such Applicable Laws.

(e) **Representations.** Element will use reasonable efforts to conduct its affairs that all of the representations and warranties of Element contained herein will be true and correct on and as of the Closing Date as if made on and as of such date.

(f) **Books and Records**. Element will permit Sonoma, through its agents and representatives, to carry out such legal, accounting, regulatory and other due diligence inquiries and investigations of the business and affairs of Element, including the financial, tax and regulatory condition of Element, as Sonoma considers necessary or advisable, and Element will provide Sonoma with access to such of Element’s books, records, documents, personnel, and professional advisors as Sonoma may reasonably require to conduct such due diligence investigations relating to the business and affairs of Element.

(g) **Refrain from Certain Actions.** Without limiting the provisions of Section 4.2(a), Element will not take any action, refrain from taking any action (subject to reasonable efforts), or permit any action to be taken or not taken, inconsistent with the provisions of this Agreement or which would reasonably be expected to materially impede the completion of the transactions contemplated by this Agreement or which would or could have a materially adverse effect on Element, provided that where Element is required to take any such action or refrain from taking such action (subject to reasonable efforts) as a result of this Agreement, Element will immediately notify Sonoma in writing of such circumstances.

(h) **Closing Documents.** Element will execute and deliver, or cause to be executed and delivered, to Sonoma at the Closing such customary agreements, certificates, resolutions, opinions and other closing documents as may be required by Sonoma, including but not limited to, the documents referred to Section 2.9(d), all in form satisfactory to Sonoma, acting reasonably.

4.3 Non-Solicitation

(a) None of the Parties will directly or indirectly solicit any offers or proposals relating to the acquisition, directly or indirectly, of assets, securities or ownership interests in such party in a single transaction or a series of transactions or initiate or encourage any inquiry, discussions or negotiations with any third party with respect to the same pursuant to an transaction, merger, take-over, statutory arrangement or other transaction during the period commencing on the date hereof and ending on the termination of this Agreement in accordance with the provisions hereof. The Parties will immediately cease and cause to be terminated any existing discussions or negotiations with any Person related to any of the foregoing. In the event any of the Parties is approached in respect of any such transaction, it will immediately notify the other Parties.

(b) Notwithstanding Section 4.3(a), nothing in this Section 4.3 will prevent or limit the ability of the directors of each of the Parties to fulfill their fiduciary or statutory duties.

ARTICLE 5
CONDITIONS

5.1 Mutual Conditions Precedent

The respective obligations of the Element Shareholders and Sonoma to complete the Transaction and the other transactions contemplated in this Agreement are subject to the fulfilment of the following conditions at or before the Effective Time or such other time as is specified below:

(a) Element's board of directors and Sonoma's board of directors will have approved this Agreement and the Transaction in accordance with the provisions of Applicable Laws and the applicable requirements of any Governmental Entity;

(b) Sonoma will have completed the Sonoma Financing;

(c) the Shareholder Approval Waiver or Sonoma Shareholders' Approval, as applicable, will have been obtained in accordance with the provisions of Applicable Laws and the applicable requirements of any Governmental Entity;

(d) the Parties will have received a sponsorship report from the Sponsor in form and substance satisfactory to the Exchange, or waiver of the sponsorship requirement from the Exchange. It is expected that the Sponsor will act as lead agent for the Sonoma Financing, which will constitute the basis for a waiver from the sponsorship requirement;

(e) the Exchange will have conditionally accepted the Transaction, and the Exchange will have issued a conditional listing letter confirming that, following the completion of the Transaction, Sonoma will qualify for listing on the Exchange as a Tier 2 Issuer, subject only to compliance with the usual requirements of the Exchange, all necessary escrow and pooling arrangements and other similar requirements imposed by the Exchange in connection with the listing on the Exchange of the Sonoma Shares to be issued in connection with the Transaction will have been completed and the applicable parties will have finalized and executed all applicable escrow and pooling agreements and documents, and each of Sonoma and the Element Shareholders will be satisfied, acting reasonably, that the conditions set forth in the conditional approval letter of the

Exchange will be satisfied as of or within a reasonable period of time after the Closing Date;

(f) there will not be in force any Applicable Law, ruling, order or decree, and there will not have been any action taken under any Applicable Law or by any Governmental Entity, that makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Transaction in accordance with the terms hereof or the other transactions contemplated by this Agreement in accordance with the terms hereof or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Transaction which has, or could reasonably be expected to have a material adverse effect on Sonoma or Element;

(g) all Regulatory Approvals and corporate approvals in connection with the Transaction and the other transactions contemplated by this Agreement will have been obtained; and

(h) this Agreement will not have been terminated pursuant to Article 7.

The foregoing conditions are for the mutual benefit of the Parties and may be waived in respect of a Party, in whole or in part, by such Party in writing at any time. If any of such conditions will not be complied with or waived as aforesaid on or before December 31, 2015 or, if earlier, the date required for the performance thereof, then, subject to Section 5.4, any Party may terminate this Agreement by written notice to the other Parties in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by such terminating Party.

5.2 Additional Conditions Precedent to the Obligations of Sonoma

The obligation of Sonoma to complete the Transaction is subject to the fulfilment of the following additional conditions at or before the Effective Time or such other time as is specified below:

(a) except as disclosed in writing to Sonoma on or prior to the date hereof, all representations and warranties made by the Principal Element Shareholders and Element in this Agreement will be true and correct in all material respects as of the Closing 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 will be true and correct as of such earlier date), and Element and each Principal Element Shareholder will have provided to Sonoma a certificate (in the case of Element, a certificate of the President thereof or another officer satisfactory to Sonoma), certifying such accuracy of the representations and warranties of them made in this Agreement as of the Closing Date. No representation or warranty made by the Principal Element Shareholders or Element hereunder will be deemed not to be true and correct if the facts or circumstances which make such representation or warranty untrue or incorrect are provided for or stated to be exceptions under this Agreement; and

(b) the Principal Element Shareholders and Element will have complied in all material respects with their covenants herein and Element and each Principal Element Shareholder will have provided to Sonoma a certificate (in the case of Element, a certificate of the President thereof or another officer satisfactory to

Sonoma), certifying that, as of the Closing Date, it has so complied with its covenants herein.

The foregoing conditions are for the benefit of Sonoma and may be waived, in whole or in part, by Sonoma in writing at any time. If any of such conditions will not be complied with or waived by Sonoma on or before December 31, 2015 or, if earlier, the date required for the performance thereof, then, subject to Section 5.4, Sonoma may terminate this Agreement by written notice to the other Parties in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Sonoma.

5.3 Additional Conditions Precedent to the Obligations of the Element Shareholders

The obligations of the Element Shareholders to complete the Transaction and the other transactions contemplated by this Agreement are subject to the fulfilment of the following additional conditions at or before the Effective Time or such other time as is specified below:

(a) except as disclosed in writing to the Element Shareholders on or prior to the date hereof, all representations and warranties made by Sonoma in this Agreement will be true and correct in all material respects as of the Closing 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 will be true and correct as of such earlier date), and Sonoma will have provided to the Element Shareholders a certificate of the President thereof (or another officer satisfactory to the Element Shareholders), certifying such accuracy as of the Closing Date. No representation or warranty made by Sonoma hereunder will be deemed not to be true and correct if the facts or circumstances which make such representation or warranty untrue or incorrect are provided for or stated to be exceptions under this Agreement;

(b) Sonoma will have complied in all material respects with its covenants herein and Sonoma will have provided to the Element Shareholders a certificate of its President certifying that, as of the Closing Date, it has so complied with its covenants herein;

(c) at the Closing Date, there will have been no material adverse change in the affairs, assets, liabilities, financial condition or business (financial or otherwise) of Sonoma since March 31, 2015;

(d) if the Shareholder Approval Waiver is not obtained by September 1, 2015, then Sonoma will have delivered to the Element Shareholders copies of support agreements, in a form acceptable to Element acting reasonably, duly executed by each of:

    (i) the directors and officers of Sonoma; and

    (ii) the associates and affiliates (as those terms are defined in the Securities Act) of the directors and officers of Sonoma who, directly or indirectly, own or exercise control or direction Sonoma Shares; and

(e) Element will have completed its due diligence of Sonoma to its reasonable satisfaction.

The foregoing conditions are for the benefit of the Element Shareholders and may be waived, in whole or in part, by the Element Shareholders in writing at any time. If any of such conditions will not be complied with or waived by the Element Shareholders on or before December 31, 2015 or, if earlier, the date required for the performance thereof, then, subject to Section 5.4, the Element Shareholders may terminate this Agreement by written notice to Sonoma in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by the Element Shareholders or Element.

5.4 Notice and Cure Provisions

Each Party will give prompt notice (the "**Default Notice**") to the other Parties of the occurrence or failure to occur, at any time from the date hereof until the Closing Date, of any event or state of facts which occurrence or failure would, would be likely to or reasonably could:

(a) cause any of the representations or warranties of any such Party contained herein to be untrue or inaccurate in any respect from the date hereof up to the Closing Date;

(b) result in the failure to comply with or satisfy any covenant or agreement to be complied with or satisfied by such Party prior to the Closing Date; or

(c) result in the failure to satisfy any of the conditions precedent in favour of the other Parties contained in Sections 5.1, 5.2 or 5.3, as the case may be.

Subject to the other provisions herein provided, on receipt of such notice, a Party may elect to terminate this Agreement; provided, however, that (i) promptly, and in any event prior to the Closing Date, the party intending to rely thereon has delivered a written notice to the other Parties of its intention to terminate the Agreement and that it is intending to rely on the circumstances set out in the Default Notice, and (ii) the defaulting party has not cured such default on or before the earlier of the Closing Date and the expiration of a period of 15 days from date of delivery of such notice.

5.5 Closing Matters

The Closing will take place at the offices of Bull, Housser & Tupper LLP at 10:00 a.m. on that date that is five days after the Condition Fulfillment Date, unless such date falls on a day that is not a Business Day, in which case the Closing will take place on the first Business Day following such five day period, or such other place or time as the Parties may agree.

ARTICLE 6
INDEMNIFICATION

6.1 Indemnification by Sonoma

Sonoma will indemnify and save each of the Element Shareholders harmless for and from any and all liabilities, losses (including lost profits, consequential damages, interest, penalties, fines and monetary sanctions), claims, judgments, damages, expenses and costs (including, without limitation, reasonable attorneys' fees and costs and expenses incurred in connection therewith) (collectively the "**Indemnifiable Damages**") suffered or incurred by the Element Shareholders as a result of:

(a) a breach of a representation or warranty on the part of Sonoma contained in this Agreement or any ancillary documents; or

(b) a breach of any covenant of Sonoma contained herein.

6.2 Indemnification by Element

Element and the Principal Element Shareholders will indemnify and save Sonoma and its shareholders, current and former directors, officers, employees and current and future affiliates harmless for and from any and all Indemnifiable Damages suffered or incurred by Sonoma as a result of:

(a) a breach of a representation or warranty on the part of Element contained in this Agreement or any ancillary document; or

(b) a breach of any covenant of Element contained herein.

6.3 Notice of Claim

A party entitled to and seeking indemnification pursuant to the terms of this Agreement (the "**Indemnified Party**") will promptly give written notice to the party responsible for indemnifying the Indemnified Party (the "**Indemnifying Party**") of any claim for indemnification pursuant to Section 6.1 or 6.2 (a "**Claim**"), which notice may include more than one Claim. Such notice will specify whether the Claim arises as a result of a claim by a Person against the Indemnified Party (a "**Third Party Claim**") or whether the Claim does not so arise (a "**Direct Claim**"), and will also specify with reasonable particularity (to the extent that the information is available):

(a) the factual basis for the Claim; and

(b) the amount of the Claim, or, if an amount is not then determinable, an approximate and reasonable estimate of the likely amount of the Claim.

6.4 Procedure for Indemnification

(a) **Direct Claims**. With respect to Direct Claims, following receipt of notice from the Indemnified Party of a Claim, the Indemnifying Party will have 60 days to make such investigation of the Claim as the Indemnifying Party considers necessary or desirable. For the purpose of such investigation, the Indemnified Party will make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim. If the Indemnified Party and the Indemnifying Party agree at or prior to the expiration of such 60 day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party will immediately pay to the Indemnified Party the full agreed upon amount of the Claim.

(b) **Arbitration**. If the Indemnified Party and the Indemnifying Party do not agree within the period set forth in Section 6.4(a) (or any mutually agreed upon extension thereof), the Indemnified Party and the Indemnifying Party agree that the dispute will be submitted to arbitration pursuant to Section 8.15. Such dispute will not be made the subject matter of an action in a court by either the Indemnified Party or the Indemnifying Party unless the dispute has first been submitted to arbitration and finally determined in accordance with the provisions of Section 8.15. Any such action commenced thereafter will only be to enforce judgment in accordance with the decision of the arbitrator and the costs incidental to the action. In any such action, the decision of the arbitrator will be conclusively deemed to determine the rights and liabilities as between the parties to the arbitration in respect of the matter in dispute.

(c) **Third Party Claims**. With respect to any Third Party Claim, the Indemnifying Party will have the right, at its own expense, to participate in or assume control of the negotiation, settlement or defence of such Third Party Claim and, in such event, the Indemnifying Party will reimburse the Indemnified Party for all the Indemnified Party's reasonable out-of-pocket expenses incurred as a result of such participation or assumption. If the Indemnifying Party elects to assume such control, the Indemnified Party will cooperate with the Indemnifying Party, will have the right to participate in the negotiation, settlement or defence of such Third Party Claim at its own expense and will have the right to disagree on reasonable grounds with the selection and retention of counsel, in which case counsel reasonably satisfactory to the Indemnifying Party and the Indemnified Party will be retained by the Indemnifying Party. If the Indemnifying Party, having elected to assume such control, thereafter fails to defend any such Third Party Claim within a reasonable time, the Indemnified Party will be entitled to assume such control. No settlement will be entered into without the written consents of the Indemnifying Party and the Indemnified Party, which will not be unreasonably withheld.

6.5 General Indemnification Rules

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

(a) any Claim arising as a result of a breach of a representation or warranty will be made not later than the date on which, pursuant to Section 3.3, such representation and warranty terminated;

(b) the obligation to indemnify set forth in Sections 6.1 and 6.2 will be applicable only after an Indemnified Party will have accumulated Indemnifiable Damages in an amount in excess of $50,000 in the aggregate. Once the amount of such Indemnifiable Damages exceeds $50,000, in the aggregate, the obligation to indemnify will apply with respect to all such Indemnifiable Damages including those Indemnifiable Damages calculated to reach the amount of $50,000; and

(c) the Indemnified Party and the Indemnifying Party will cooperate fully with each other with respect to Third Party Claims and will keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available).

ARTICLE 7
TERMINATION AND AMENDMENT

7.1 Termination

This Agreement will terminate without any requirement for notice or action by any of the Parties if the Closing has not taken place by December 31, 2015 and may be terminated at any time prior to the Condition Fulfillment Date:

(a) if Element, after completing its due diligence review in good faith, is not prepared to complete the transactions contemplated herein as a result of its due diligence review and Element gives written notice of that fact to the other Parties by no later than September 1, 2015;

(b) by mutual written consent of the Parties; or

(c) as provided in Sections 5.1, 5.2 or 5.3, subject to Section 5.4.

In the event of any such termination, each Party will be deemed to have released, remised and forever discharged the other Parties in respect of any and all claims arising in respect of this Agreement, except as otherwise provided herein and in Section 8.1 and 8.15 which provisions will remain in effect and bind the Parties.

7.2 Amendment

This Agreement may, at any time and from time to time prior to the Effective Time, be amended by mutual written agreement of the Parties subject to Applicable Law.

7.3 Waiver

At any time prior to the Effective Date, any Party may:

(a) extend the time for the performance of any of the obligations or other acts of the other Parties; or

(b) waive compliance with any of the covenants or agreements of the other Parties or with any conditions to its own obligations, but in each case only to the extent such obligations, agreements and conditions are intended for its benefit.

Any waiver or release of any of the provisions of this Agreement, to be effective, must be in writing executed by the Party granting such waiver or release. A waiver by a Party of any one or more of the conditions herein will be without prejudice to its right to terminate this Agreement in respect of any other non-fulfillment of any other condition.

ARTICLE 8
GENERAL

8.1 Confidentiality

Each of the Parties will keep strictly confidential the existence of this Agreement, and the subject matter hereof and will not disclose any information, including any information provided prior to the date of this Agreement, in any form whether written, electronic or verbal, as to financial condition, business, properties, title, assets and affairs (including any material contracts) as may reasonably be requested by the other Party, including all information to be included in the Filing Statement and this Agreement (the "**Confidential Information**") without the prior written consent of the other Parties, except:

(a) as may, in the opinion of the disclosing Party's legal counsel, be required by any securities commission or stock exchange having jurisdiction over the Parties or as may be required to comply with securities legislation applicable to the Parties;

(b) where, in the opinion of the disclosing Party, the disclosure is reasonably necessary or desirable to carry out and give full effect to the terms, provisions and intent of this Agreement;

(c) to consultants, legal advisors, financial institutions, business associates and other provided such disclosure is not intended for broad dissemination to the public; or

(d) is required by Applicable Law.

8.2 Notices and Element Shareholder Agent

Any notice or other communication required or permitted to be given hereunder must be in writing and delivered personally, sent by fax, or transmitted electronically in either Tagged Image Format Files (TIFF) or Portable Document Format (PDF) addressed as follows:

if to the Element Shareholders or Element:

Element Lifestyle Retirement Inc.
1147 Homer Street
Vancouver, British Columbia
V6B 5T5

Attention: Don Ho, President

Email: donho@elementlifestyleretirement.com

With a copy to:

Bull, Housser & Tupper LLP
1800 – 510 West Georgia Street
Vancouver, British Columbia
V6B 0M3

Attention: David Hunter

Fax: 604.646.2634
Email: dmh@bht.com

if to Sonoma:

Sonoma Resources Inc.
Suite 1100
1111 Melville Street
Vancouver, British Columbia
V6E 3V6

Attention: Scott Young, Managing Director

Email: syoung@freeformcom.com

With a copy to:

Clark Wilson LLP
900 – 885 West Georgia Street
Vancouver, British Columbia
V6C 3H1

Attention: Larry Yen

Fax: 604.687.6314
Email: lyen@cwilson.com

or to such other mailing address or facsimile number as a Party may specify by notice in writing given hereunder. Any such notice (other than electronic delivery via email), if delivered, will be deemed to have been given when actually received, and, if transmitted by fax, will be deemed to have been given on the next Business Day following the date of transmission. Notices given by email will not be considered valid or proper notice for the purposes of this Agreement, but may be provided as a courtesy only.

By executing this Agreement each of the Element Shareholders hereby appoints Don Ho, a senior officer of Element, as its authorized agent for the purposes of managing its business and affairs in respect of this Agreement and the transactions contemplated hereunder. For all purposes under this Agreement, any notice, delivery, payment, approval, or direction to be made or given by Sonoma to or to the benefit of any Element Shareholder may be effected by a notice, delivery, payment, approval, or direction by Sonoma to Don Ho and, if Sonoma receives any notice, delivery, payment, approval, or direction from Don Ho purporting to be acting in such capacity, then Sonoma will be entitled to assume that such notice, delivery, payment, approval, or direction has been made or given by Don Ho as agent for each and every Element Shareholder, and Sonoma will have no obligation to inquire as to or otherwise attempt to confirm the authority of Don Ho in connection therewith.

8.3 No Assignment

This Agreement may not be assigned by any of the Parties without the prior written consent of the other Parties.

8.4 Costs and Expenses

Element will bear its own costs and expenses incurred in connection with the preparation, negotiation, execution and delivery of all documents and instruments for the Transaction, including fees and expenses of its accountants, counsel and financial advisors. In addition, Element will make available to Sonoma a loan of up to $70,000 ($35,334 having already been advanced as at the date of this Agreement) to be used by Sonoma to pay for the following expenses:

(a) filing fees and application fees to the BC Registrar of Companies, and the BC and Alberta Securities Commissions to rectify the Sonoma Deficiencies;

(b) Sonoma's legal counsel, Clark Wilson LLP, for its fees incurred in connection with rectifying deficiencies of Sonoma and with the preparation, negotiation, execution and delivery of all documents and instruments for the Transaction on behalf of Sonoma, up to a maximum of $30,000;

(c) Sonoma's auditors, MNP LLP, for its fees incurred in connection with rectifying deficiencies of Sonoma and in connection with the Transaction, up to a maximum of $10,000;

(d) if applicable, the Sponsor for the Sponsor's fees and disbursements;

(e) if applicable, the lead agent for its work fees or disbursement deposit that are required to be advanced to engage the lead agent for the Sonoma Financing; and

(f) other regulatory and Exchange filing fees, and other out-of-pocket expenses up to a maximum of $15,000,

in each case incurred in connection with the Transaction.

8.5 Public Statements

No Party will make any announcement regarding this Agreement, the Transaction or the other transactions contemplated by this Agreement which has not been previously reviewed and commented on by the other Parties. The issuance of any press release by Sonoma in connection with the Transaction, or referring in any way to Element, will be subject to prior approval of Element which approval will not be withheld unreasonably, if counsel for either party advises that such press release or filing is necessary in order to comply with Applicable Laws or Exchange policies.

8.6 Entire Agreement

This Agreement constitutes the entire agreement between the Parties and supersedes all other prior agreements, negotiations, discussions, understandings and undertakings, both written and oral, between the Parties relating to the subject matter hereof.

8.7 Time of Essence

Time will be of the essence of this Agreement.

8.8 Severability

If any provision of this Agreement, or the application thereof, is determined for any reason and to any extent to be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other Persons and circumstances will remain in full force and effect, provided that the legal or economic substance of the transactions contemplated hereby is not thereby affected in a manner adverse to any of the Parties.

8.9 Counterpart Executions and Facsimile Transmissions

This Agreement may be validly executed and delivered by the Parties in any number of separate counterparts and all counterparts, when executed and delivered, will together constitute one and the same instrument. Executed copies of the signature pages of this Agreement sent by facsimile or transmitted electronically in either Tagged Image Format Files (TIFF) or Portable Document Format (PDF) will be treated as originals, fully binding and with full legal force and effect, and the Parties waive any rights they may have to object to such treatment.

8.10 Further Assurances

The Parties will do all such further acts and things and will execute such further documents and agreements as may be necessary to give effect to the terms and conditions of this Agreement.

8.11 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein. Each of the Parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

8.12 Enurement

This Agreement enures to the benefit of and binds the Parties and their respective successors and permitted assigns.

8.13 Legal Representation

Each of the Parties acknowledges and agrees that Bull, Housser & Tupper LLP has acted as legal counsel only to Element and for no other person, and Clark Wilson LLP has acted as legal counsel only to Sonoma and for no other person, in connection with this Agreement, and neither Bull, Housser & Tupper LLP, nor Clark Wilson LLP have acted for any other Parties to this Agreement, and no such other Party is, in any way, relying on any advice sought from or given by Bull, Housser & Tupper LLP or Clark Wilson LLP in connection with this Agreement. Each of the Parties, other than Element and Sonoma, further acknowledges and agrees that they have been advised to obtain independent legal advice concerning their participation in this Agreement, and that they have obtained or waived their right to obtain such independent advice.

8.14 Remedies Cumulative

The rights and remedies under this Agreement are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a Party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that party may be entitled.

8.15 Arbitration

If any question, difference or dispute arises between the Parties or any of them in respect of any matter arising under this Agreement or in relation to the construction hereof, the dispute will be determined by the award of one arbitrator. The decision of the arbitrator will be made within thirty (30) days after the selection. The expense of the arbitration will be borne equally by the Parties. The arbitration will be conducted in accordance with the provisions of the *Arbitration Act* (British Columbia), as amended, and the decision of the arbitrator will be conclusive and binding upon the Parties. The place of arbitration will be Vancouver, British Columbia.

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

SONOMA RESOURCES INC.

Per: *(signed) "Scott Young"*
Authorized Signatory

ELEMENT LIFESTYLE RETIREMENT INC.

Per: *(Signed) "Don Ho"*
Authorized Signatory

CITY GROUP HOLDINGS LTD.

Per: *(Signed) "Don Ho"*
Authorized Signatory

GRAND VISION DEVELOPMENT LTD.

Per: *(Signed) "Hua Min Chen"*
Authorized Signatory

KEFEI INVESTMENTS LTD.

Per: *(Signed) "Ke Fei Deng"*
Authorized Signatory

ROYAL WEST PACIFIC HOLDINGS INC.

Per: *(Signed) "Bo Jun Diao"*
Authorized Signatory

0701028 B.C. LTD.

Per: *(Signed) "Mike Chiu"*
Authorized Signatory

VXL HOLDINGS LTD.

Per: *(Signed) "Michael T.Y. Lam"*
Authorized Signatory

(Signed) "Don Ho"
DON HO

(Signed) "Bo Jun Diao"
BO JUN DIAO

(Signed) "Frank Lo"
KA KEUNG (FRANK) LO

(signed) "Ying Jee Candy Ho"
YING JEE CANDY HO

(Signed) Amanda List
AMANDA LIST

(Signed) "Wendy Ho "
WING JEE WENDY HO

(Signed) "Yvonne Chan"
YVONNE CHAN

(Signed) "Jackie Cheung"
JACKIE CHEUNG

(Signed) "Lisa Kachur"
LISA KACHUR

(Signed) "Aihong Wu"
AIHONG WU

(Signed) "Lifei Li"
LIFEI LI

(Signed) "Ning Jee Kenzy Ho"
NING JEE KENZY HO

(Signed) "Qian Wang"
QIAN WANG

(Signed) "Bryanne Michelle Kachur"
BRYANNE MICHELLE KACHUR

(Signed) "Brittany Leigh Kachur "
BRITTANY LEIGH KACHUR

(Signed) "Michael Siemens"
MICHAEL SIEMENS

(Signed) "Fiona Mitchell"
FIONA MITCHELL

(Signed) "Isabella Ho"
ISABELLA HO

(Signed) "Edith M. Lo"
EDITH M. LO

(Signed) "Bo Wen Diao"
BO WEN DIAO

(Signed) "Zhongnan Zhang"
ZHONGNAN ZHANG

(Signed) "Ravinder Kang"
RAVINDER KANG

SCHEDULE A

ELEMENT SHAREHOLDERS

Name of Shareholder	Number and Class of Shares Held
City Group Holdings Ltd.	2,400,000 Common
Royal West Pacific Holdings Inc.	2,400,000 Common
Grand Vision Development Ltd.	13,200,000 Common
Kefei Investments Ltd.	6,000,000 Common
Don Ho	1,000,000 Class A Preferred
Bo Jun (Michael) Diao	1,000,000 Class A Preferred
Ka Keung (Frank) Lo	500,000 Class A Preferred 100,000 Class B Preferred
Ying Jee Candy Ho	500,000 Class A Preferred 100,000 Class B Preferred
Amanda List	500,000 Class A Preferred
Wing Jee Wendy Ho	500,000 Class A Preferred 100,000 Class B Preferred
Yvonne Chan	500,000 Class A Preferred
Jackie Cheung	500,000 Class A Preferred
Lisa Kachur	500,000 Class A Preferred
0701028 B.C. Ltd.	300,000 Class B Preferred
VXL Holdings Ltd.	200,000 Class B Preferred
Aihong Wu	200,000 Class B Preferred
Lifei Li	100,000 Class B Preferred
Ning Jee Kenzy Ho	200,000 Class B Preferred
Qian Wang	200,000 Class B Preferred
Bryanne Michelle Kachur	100,000 Class B Preferred
Brittany Leigh Kachur	100,000 Class B Preferred
Michael Siemens	50,000 Class B Preferred
Fiona Mitchell	50,000 Class B Preferred
Isabella Ho	250,000 Class B Preferred
Edith M. Lo	100,000 Class B Preferred
Bo Wen Diao	50,000 Class B Preferred
Zhongnan Zhang	100,000 Class B Preferred
Ravinder Kang	100,000 Class B Preferred

SCHEDULE B

DIRECTORS AND OFFICERS OF SONOMA

Officers	Directors
Scott Young, Managing Director	Reginald Arthur Advocaat
Dr. Terrance Owen, Acting CFO	Dr. Terrance Owen
	Scott Young
	Robert Ferguson

SCHEDULE C

DIRECTORS AND OFFICERS OF ELEMENT

Officers	Directors
Chairman: Hua Min Chen	Hua Min Chen
President: Bo Jun (Michael) Diao	Bo Jun (Michael) Diao
Treasurer: Bo Jun(Michael) Diao	Ying Jee Candy Ho
Secretary: Ying Jee Candy Ho	