

**PURCHASE OF SHARES
OF
NAVCO PHARMACEUTICALS LIMITED
BY
BMGB CAPITAL CORP.**

SHARE EXCHANGE AGREEMENT

January 18, 2021

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SHARE EXCHANGE AGREEMENT

THIS SHARE EXCHANGE AGREEMENT is made as of the 18th day of January, 2021

AMONG:

EACH OF THE SHAREHOLDERS OF NAVCO IDENTIFIED IN SCHEDULE 2.2

(each, a “**Vendor**” and collectively the “**Vendors**”)

AND:

NAVCO PHARMACEUTICALS LIMITED, a company incorporated under the federal laws of Canada, having an address of 1 Yonge Street, Suite 1801, Toronto, ON M5E 1W7
Email: cooper@venturefirst1.com

(“**NAVCO**” or the “**Company**”)

AND:

BMGB CAPITAL CORP., a corporation incorporated under the laws of the Province of British Columbia, having a registered and records office of Suite 600 – 1090 West Georgia Street, Vancouver, BC V6E 3V7
Email: lucasbirdsall@gmail.com

(“**BMGB**” or the “**Purchaser**”)

WHEREAS:

- A. The Company manufactures and researches nano-technology products and materials using computerized nano-meter algorithms.
- B. The Vendors collectively own all of the issued and outstanding shares of the Company.
- C. The Vendors wish to sell and the Purchaser wishes to purchase all of the shares of the Company owned by the Vendors on the terms and conditions set out herein.

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions.

Unless otherwise defined herein or the context otherwise requires, the following terms shall have the following meanings in this Agreement:

“Affiliate”, with respect to the relationship between two or more corporations, has the meaning attributed to such term under the *Business Corporations Act* (British Columbia) as of the date of this Agreement and, with respect to the relationship between two or more Persons any of which is not a corporation, a Person is deemed to be an Affiliate of another Person if one of them is Controlled by the other or if both are Controlled by the same Person, and **“Affiliated”** has a corresponding meaning.

“Agreement” means this Share Exchange Agreement, together with all Schedules attached thereto, as the same may be amended, supplemented, restated and replaced in accordance with the provisions hereof from time to time.

“Applicable Law” means:

- (a) any domestic or foreign statute, law (including common and civil law), code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise);
- (b) any judgement, order, writ, injunction, decision, ruling, decree or award; and
- (c) to the extent they have the force of law, policies, guidelines, notices and protocols of any Governmental Authority;

of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of that Person.

“Assets” means all undertakings, property, assets, rights and interests of the Company of every kind and description wherever located, including the following (except as specifically excluded herein):

- (a) all fixed assets in connection with the operation by Navco of the Business, including without limitation: all computer hardware and CRM software; office furniture and equipment; inventory and/or supplies; equipment leases; customer lists; registered or unregistered trademarks and trade names; all other intellectual property and intangible property related to the Business;
- (b) the Company’s Books and Records; and
- (c) all rights and interest in and to the Contracts to which the Company is a party, including all

“BMGB” or the **“Purchaser”** means BMGB Capital Corp., a company incorporated under the laws of the Province of British Columbia.

“BMGB Assets” means all undertakings, property, assets, rights and interests of BMGB of every kind and description wherever located.

“BMGB Business” means BMGB’s business as a “capital pool company” pursuant to the policies of the TSXV.

“BMGB Financial Statements” means BMGB’s financial statements included in the BMGB Public Disclosure Record.

“BMGB Material Contracts” has the meaning attributed to that term in Section 4.3(15).

“BMGB Public Disclosure Record” means all documents and information filed by BMGB on and available at www.sedar.com.

“BMGB Shares” means the common shares of BMGB.

“Books and Records” means all books, records, files and papers of the Company, including computer programs (including source codes and software programs), computer manuals, computer data, financial and Tax working papers, financial and Tax books and records, business reports, business plans and projections, sales and advertising materials, sales and purchases records and correspondence, trade association files, research and development records, lists of present and former customers and suppliers, personnel and employment records, minute and share certificate books, and all copies and recordings of the foregoing.

“Business” means the business carried on currently and prior to the date of this Agreement by the Company as described in the recitals of this Agreement.

“Business Day” means any day other than a Saturday, a Sunday or a day on which banks are required to be closed in Vancouver, British Columbia.

“Canadian Securities Laws” means, collectively, the applicable securities legislation and related rules, regulations, instruments and published policy statements of each of the applicable Provinces and Territories of Canada.

“Claim” means:

- (a) any suit, action, dispute, investigation, claim, arbitration, order, summons, citation, directive, ticket, charge, demand or prosecution, whether legal or administrative;
 - (b) any other proceeding; or
 - (c) any appeal or application for review;
- at law or in equity or before or by any Governmental Authority.

“Closing” means the completion of the Transaction.

“Closing Date” means the date which is seven Business Days following receipt of approval from the TSXV of the Transaction and all related matters, or such other date as may be agreed to by the Purchaser and the Company in writing.

“Company” or **“NAVCO”** means NAVCO Pharmaceuticals Limited, a company incorporated under the federal laws of Canada.

“Confidential Information” has the meaning attributed thereto in Section 7.1(1).

“Consideration Shares” means the BMGB Shares, in the aggregate, to be issued pursuant to Section 2.2 (*Purchase Price and Purchase Price Allocation*) and registered as set out in the column entitled “Consideration Shares” in Schedule 2.2 (*Allocation of Purchase Price*).

“Constating Documents” means, with respect to any Person, its articles or certificate of incorporation, amendment, amalgamation or continuance, memorandum of association, letters patent, supplementary letters patent, by-laws, partnership agreement, limited liability company agreement or other similar document, and all unanimous shareholder agreements, other shareholder agreements, voting trusts, pooling agreements and similar Contracts, arrangements and understandings applicable to the Person’s Equity Interests, all as amended, supplemented, restated and replaced from time to time.

“Contract” means any agreement, contract, indenture, lease, deed of trust, licence, option, undertaking, promise or any other commitment or obligation, whether oral or written, express or implied.

“Control” with respect to the relationship with a Person, means:

- (a) if that Person is a Company, the holding (other than by way of security) of securities of that Person to which are attached more than 50% of the votes that may be cast for the election of directors and those votes are sufficient, if exercised, to elect a majority of the board of directors; or
- (b) the right, directly or indirectly, to direct or cause the direction of the management of the affairs of that Person, whether by ownership of Equity Interests, by Contract or otherwise;

and **“Controls”** and **“Controlled”** have corresponding meanings.

“Direct Claim” has the meaning attributed to that term in Section 6.4(1).

“Disclosure Letter” means the disclosure letter delivered by Company to the Purchaser concurrently with the execution and delivery of this Agreement.

“Employee Plan” means any retirement, pension, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or other employee compensation or benefit plan, arrangement, policy, program or practice (whether provided on a pre- or post-retirement basis) which is maintained, or otherwise contributed to or required to be contributed to, by a Person for the benefit of any present or former employees, officers or directors of such Person.

“Encumbrance” means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, right of occupation, option, right of pre-emption, privilege or any matter capable of registration against title or any Contract to create any of the foregoing.

“Equity Interests” means, with respect to any Person, any and all present and future shares, units, trust units, partnership or other interests, participations or other equivalent rights in that Person’s equity or capital, however designated and whether voting or non-voting.

“Escrow Agreement” has the meaning attributed to that term in Section 2.4.

“Filing Statement” means the TSXV filing statement, including all schedules, appendices and exhibits thereto, to be prepared and filed in accordance with the rules, policies and forms of the TSXV in order to receive the approval from the TSXV of the Transaction and all related matters.

“Financial Statements” means the audited financial statements of the Company for the period ended September 30, 2020.

“Finder” has the meaning attributed to that term in Section 2.9.

“Finder’s Shares” has the meaning attributed to that term in Section 2.9.

“Governmental Authority” means any domestic or foreign government, whether federal, provincial, state, territorial, local, regional, municipal, or other political jurisdiction, and any agency, authority, instrumentality, court, tribunal, board, commission, bureau, arbitrator, arbitration tribunal or other tribunal, or any quasi-governmental entity, insofar as it exercises a legislative, judicial, regulatory, administrative, expropriation or taxing power or function of government.

“IFRS” means the International Financial Reporting Standards issued or adopted as Canadian generally accepted accounting principles from time to time.

“Increased Amount” has the meaning attributed to that term in Section 6.9(1).

“Insolvency Proceedings” means any formal insolvency proceedings, whether in or out of court, including proceedings or steps leading to any form of bankruptcy, liquidation, administration, receivership, arrangement or scheme with creditors, moratorium, stay or limitation of creditors’ rights, interim or provisional supervision by a court or court appointee, winding-up or striking-off, or any distress, execution, commercial rent arrears recovery or other process levied or exercised or any other analogous proceedings in any other jurisdiction.

“Intellectual Property” has the meaning attributed to that term in Section 4.2(31).

“LOI” means the letter of intent entered into between Navco and BMGB dated as of April 28, 2020 and as amended on October 28, 2020.

“Losses” means, in respect of any matter, all Claims, demands, losses, damages, liabilities, deficiencies, costs and expenses (including all legal and other professional fees and disbursements, interest, penalties and amounts paid in settlement) arising as a consequence of that matter, including any reduction in the value of the Purchased Shares, or the Consideration Shares (as applicable) resulting from a misrepresentation or breach of warranty or covenant or other obligation, but excluding, in all cases, Tax.

“Material” means of such a nature or amount as would reasonably be regarded as significant in relation to the business of a Person or in relation to the capital, prospects, condition (financial or otherwise) or results of operation of such Person, and **“Materially”** has a corresponding meaning.

“Material Adverse Change” or **“Material Adverse Effect”** means any change or effect that individually or when taken together with all other changes or effects that have occurred during any relevant period of time before the determination of the occurrence of that change or effect is or is reasonably likely to be Materially adverse to the business, operations, assets, liabilities, capital, prospects, condition (financial or otherwise) or results of operation of a Person; except to the extent that such change or effect results from or is caused by (i) worldwide, national or local conditions or circumstances, whether they are economic, political, regulatory or otherwise, including war, armed hostilities, acts of terrorism, emergencies, crises

and natural disasters, (ii) changes in the markets or industry in which the operates; (iii) the announcement of this Agreement and the Transaction contemplated hereby; (iv) any act or omission of such Person prior to the Closing Date taken with the prior consent or at the request of another Party to this Agreement;

“Material Contracts” has the meaning attributed to that term in Section 4.2(15) (*Material Contracts*).

“Name Change” means the change of the Purchaser’s name to a name determined by the Purchaser and the Company;

“NAVCO Debt” has the meaning attributed to that term in Section 2.8.

“Notice” has the meaning attributed to that term in Section 7.12.

“Ordinary Course” means, with respect to an action taken by a Person, that the action is consistent with the past practices of the Person and is taken in the normal day-to-day operations of the Person.

“Parties” means, collectively, the Vendors, the Company and the Purchaser, and **“Party”** means any of them.

“Permitted Encumbrances” means (i) Encumbrances for Taxes not yet due and delinquent, and (ii) easements, encroachments and other minor imperfections of title which do not, individually or in the aggregate, detract from the value of or impair the Business or BMGB Business, as applicable.

“Person” is to be broadly interpreted and includes an individual, a company, a partnership, a joint venture, a trust, an association, an unincorporated organization, a Governmental Authority, an executor or administrator or other legal or personal representative, or any other juridical entity.

“Private Placement” means a private placement equity financing to be conducted by BMGB under which BMGB will raise gross proceeds of no less than \$1,500,000 through the issuance of units at a price of \$0.25 per unit, with each unit comprised of one BMGB Share and one-half of a common share purchase warrant (each whole warrant exercisable for an additional BMGB Share for two years at an exercise price of \$0.50).

“Purchase Price” has the meaning attributed to that term in Section 2.2 (*Purchase Price and Purchase Price Allocation*).

“Purchased Shares” has the meaning attributed to that term in Section 2.1 (*Agreement to Purchase and Sell*).

“Purchaser’s Counsel” means Beadle Raven LLP.

“Representatives” means, with respect to any Party, its Affiliates and, if applicable, its and their respective directors, officers, employees, agents and other representatives and advisors.

“Resulting Issuer” means BMGB, following Closing.

“Tax Act” or any reference to a specific provision thereof means the *Income Tax Act* (Canada) and legislation of any legislature of any province or territory of Canada and any regulations thereunder in force of like or similar effect.

“Taxes” means all forms of taxes, duties, fees, premiums, assessments, imposts, contributions, levies and other charges of any kind whatsoever imposed in the Canada or elsewhere, including all interest, penalties, fines, charges, additions to tax or other additional amounts imposed in respect thereof or in respect of the failure to make any return or payment or the making of any incorrect or incomplete return or the failure to maintain records (including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, valued-added, excise, stamp, withholding, premium, business, franchising, property, employer health, payroll, employment, health, social services, education, national insurance and social security taxes, surtaxes, customs duties and import and export taxes, licence, franchise and registration fees and employment insurance, health insurance and pension plan premiums or contributions), and **“Tax”** has a corresponding meaning.

“Tax Return” means all returns, declarations, designations, elections, forms, schedules, reports and other documents of every nature whatsoever required to be filed with any Governmental Authority with respect to any Taxes.

“Termination Date” means March 31, 2021.

“Third Party” has the meaning attributed to that term in Section 6.6(3).

“Third Party Claim” has the meaning attributed to that term in Section 6.4(1).

“Transaction” means the transaction of purchase and sale contemplated by this Agreement.

“TSXV” means the TSX Venture Exchange.

“Vendors” and **“Vendor”** have the meaning attributed to such terms in the recitals to this Agreement.

“Vendor’s Shares” means, with respect to a Vendor, the number of the Purchased Shares set out opposite that Vendor’s name in Schedule 2.2 (*Allocation of Purchase Price*).

1.2 Construction.

This Agreement has been negotiated by each Party with the benefit of legal representation, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not apply to the construction or interpretation of this Agreement.

1.3 Interpretation.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (a) the table of contents, headings preceding the text, articles, sections and/or other subdivisions hereof are for convenience only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provisions hereof;
- (b) the words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, section or other subdivision of this Agreement;

- (c) the word “including”, when following any general statement, term or matter, is not to be construed to limit such general statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as “without limitation” or “but not limited to” or words of similar import) is used with reference thereto but rather refers to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter;
- (d) a reference to an Article, section, subsection or other subdivision is a reference to the specified article, section, subsection or other subdivision of this Agreement;
- (e) a reference to a statute or a section of a statute shall include and shall be deemed to be a reference to such statute or section and to the regulations made pursuant thereto, with all amendments made thereto and in force at the relevant time, and to any statute, section of a statute or regulation that may be passed which has the effect of supplementing or superseding the statute or section so referred to or the regulations made pursuant thereto;
- (f) a reference to any agreement is a reference to such agreement as amended, restated, supplemented, replaced and/or modified from time to time;
- (g) the word “Party” means a party to this Agreement and the word “Parties” means all parties to this Agreement;
- (h) a reference to a document in the agreed form means in the form agreed between the Parties and initialled by the Parties (or their respective Representatives on the date of this Agreement);
- (i) a reference to any Person shall include and shall be deemed to be a reference to each Person that is the successor of such Person;
- (j) words importing one gender shall include each other gender and words in the singular include the plural and vice versa; and
- (k) unless otherwise specified, all dollar amounts in this Agreement, including the symbol “\$”, refer to lawful currency of Canada.

1.4 Knowledge.

In this Agreement, any reference to the knowledge of a Party means to the best of the knowledge, information and belief of the Party after reviewing all relevant records and making due inquiries regarding the relevant matter of all relevant Representatives of such Party.

1.5 Computation of Time.

In this Agreement, unless specified otherwise or the context otherwise requires:

- (a) a reference to a period of days is deemed to begin on the first day after the event that started the period and to end at 5:00 p.m. on the last day of the period, but if the last day of the period does not fall on a Business Day, the period ends at 5:00 p.m. on the next succeeding Business Day;

- (b) all references to specific dates mean 11:59 p.m. on the dates;
- (c) all references to specific times shall be references to Vancouver time; and
- (d) with respect to the calculation of any period of time, references to “from” mean “from and excluding” and references to “to” or “until” mean “to and including”.

1.6 Calculation of Interest.

In calculating interest payable under this Agreement for any period of time, the first day of the period is included and the last day is excluded.

1.7 Schedules.

The Schedules to this Agreement form an integral part of this Agreement for all purposes of it. The Schedules, and all information contained therein, is confidential information and may not be disclosed unless (i) required to be disclosed pursuant to Applicable Law, unless Applicable Law permits the Parties to refrain from disclosing information for confidentiality or other purposes or (ii) a Party must disclose it in order to enforce or exercise its rights under this Agreement.

The following Schedules are attached to and incorporated in this Agreement by reference:

Schedule 2.2 Allocation of Purchase Price

ARTICLE 2 PURCHASE AND SALE OF PURCHASED SHARES

2.1 Agreement to Purchase and Sell.

Subject to the terms and conditions of this Agreement, on the Closing Date each of the Vendors shall sell, assign and transfer to the Purchaser, and the Purchaser shall purchase from each of the Vendors, the shares in the capital of the Company indicated in Schedule 2.2 (*Allocation of Purchase Price*), free and clear of all Encumbrances (collectively, the “**Purchased Shares**”).

2.2 Purchase Price and Purchase Price Allocation.

The aggregate consideration payable to the Vendors for the Purchased Shares (the “**Purchase Price**”) shall be 21,340,000 Consideration Shares having a deemed aggregate value of \$5,335,000, such Consideration Shares to be issued by the Purchaser free of all Encumbrances except as contemplated in this Agreement, at a deemed price per Consideration Share of \$0.25, to the Vendors at Closing, in the amounts and registered as set out in the column entitled “Consideration Shares” in Schedule 2.2 (*Allocation of Purchase Price*) and having the legends described in Schedule 2.2 (*Allocation of Purchase Price*).

2.3 Resale Restrictions.

The Parties acknowledge and agree that the Consideration Shares delivered pursuant to the Transaction shall be subject to the resale restrictions as set out in the legends described in Schedule 2.2 (*Allocation of Purchase Price*).

2.4 Shares in Escrow

The Parties acknowledge that some or all of the Consideration Shares to be issued under the Transaction may be subject to escrow imposed by the policies of the Exchange or by Applicable Law. The Parties further acknowledge that in such event these escrowed Consideration Shares shall be held in escrow pursuant to an escrow agreement (the “**Escrow Agreement**”) in accordance with the policies of the TSXV or Applicable Law and released over time, as determined by the TSXV or in accordance with Applicable Law.

2.5 Private Placement

The Parties acknowledge and agree that in connection with the Transaction, BMGB will be conducting the Private Placement, as further described and contemplated in this Agreement.

2.6 Name Change

The Parties acknowledge and agree that in connection with the Transaction, BMGB will complete the Name Change, as further described and contemplated in this Agreement.

2.7 Change of Directors and Officers of BMGB

The Parties acknowledge and agree that in connection with the Transaction, the directors and officers of BMGB on the Closing Date shall be those persons determined by the Company, acting reasonably.

2.8 NAVCO Debt

In connection with the execution of this Agreement, the Parties acknowledge and agree that BMGB and the Company have amended the loan agreements dated May 6, 2020 respecting the loans made by BMGB to NAVCO as indicated therein, to extend the repayment date for such loans to the Termination Date.

2.9 Finder’s Shares

The Parties acknowledge and agree that, on Closing, a finder’s fee of 340,000 BMGB Shares (the “**Finder’s Shares**”) will be payable to an arm’s length third party finder (the “**Finder**”) pursuant to a finder’s fee agreement between NAVCO and the Finder, and approved by BMGB, acting reasonably, and on Closing BMGB shall issue the Finder’s Shares to the Finder at a price of \$0.25 per Finder’s Share.

ARTICLE 3 CLOSING ARRANGEMENTS

3.1 Closing.

The Closing shall take place at the offices of the Purchaser's Counsel in Vancouver, British Columbia, or at such other place as may be agreed to by the Vendors and the Purchaser.

3.2 Vendors' Conditions.

The obligations of the Vendors to complete the Transaction shall be subject to the satisfaction of, or compliance with, on or before the Closing Date, each of the following conditions precedent:

- (a) the representations and warranties of the Purchaser made in Section 4.3 shall be true and correct in all material respects at Closing and with the same effect as if made at and as of Closing, and the Vendors shall have received a certificate executed by an officer of the Purchaser certifying that the representations and warranties of the Purchaser set forth in Section 4.3 are true and correct as at the Closing Date;
- (b) the Purchaser shall have performed and complied with all the obligations, covenants and agreements to be performed and complied with by the Purchaser under this Agreement;
- (c) if and as required by Applicable Law or by the TSXV, approval of the Transaction by the shareholders of BMGB;
- (d) approval of the Transaction by the TSXV;
- (e) no Material Adverse Effect will have occurred with respect to the Purchaser;
- (f) no injunction or restraining order of any court or administrative tribunal of competent jurisdiction shall be in effect prohibiting the Transaction and no action or proceeding shall have been instituted or be pending before any court or administrative tribunal to restrain or prohibit the Transaction;
- (g) the Private Placement shall have closed for gross proceeds of at least \$1,500,000;
- (h) the Name Change shall be completed;
- (i) the officers and directors of the Resulting Issuer shall be as described in Section 2.7;
- (j) the Finder's Shares shall have been issued to the Finder; and
- (k) the Vendors shall have received from the Purchaser the documentation set forth in Section 3.6.

The conditions set forth in this Section 3.2 are for the exclusive benefit of the Vendors and may be waived by the Company, acting on behalf of the Vendors, in writing in whole or in part on or before the Closing Date. Notwithstanding any such waiver, the completion of the Transaction by the Vendors shall

not prejudice or affect in any way the rights of the Vendors in respect of the warranties and representations of the Purchaser in this Agreement, and the representations and warranties of the Purchaser in this Agreement shall survive the Closing for the applicable period(s) set out in Section 4.4.

3.3 Purchaser's Conditions.

The obligations of the Purchaser to complete the Transaction shall be subject to the satisfaction of, or compliance with, on or before the Closing Date, each of the following conditions precedent:

- (a) the representations and warranties of each of the Vendors made in Section 4.1 shall be true and correct in all material respects at Closing and with the same effect as if made at and as of Closing, and the Purchaser shall have received a certificate executed by each of the Vendors certifying that: (i) the representations and warranties of such Vendor made in Section 4.1 are true and correct as at the Closing Date; and (ii) the exemption from the prospectus requirement under Canadian Securities Laws on which such Vendor is relying in order to receive such Vendor's Consideration Shares pursuant to the Transaction;
- (b) the representations and warranties of the Company made in Section 4.2 shall be true and correct in all material respects at Closing and with the same effect as if made at and as of Closing, and the Purchaser shall have received a certificate executed by the Company certifying that the representations and warranties of the Company made in Section 4.2 are true and correct as at the Closing Date;
- (c) the Vendors and the Company shall have performed and complied all the obligations, covenants and agreements to be performed and complied with by them under this Agreement;
- (d) approval of the Transaction by the TSXV;
- (e) no injunction or restraining order of any court or administrative tribunal of competent jurisdiction shall be in effect prohibiting the Transaction contemplated by this Agreement and no action or proceeding shall have been instituted or be pending before any court or administrative tribunal to restrain or prohibit the Transaction between the parties contemplated by this Agreement; and
- (f) the Private Placement shall have closed for gross proceeds of at least \$1,500,000; and
- (g) the Purchaser shall have received from the Vendors and the Company the documentation set forth in Section 3.4 and 3.5.

The conditions set forth in this Section 3.3 are for the exclusive benefit of the Purchaser and may be waived by the Purchaser in writing in whole or in part on or before the Closing Date. Notwithstanding any such waiver, the completion of the Transaction by the Purchaser shall not prejudice or affect in any way the rights of the Purchaser in respect of the warranties and representations of the Vendors in this Agreement, and the representations and warranties of the Vendors in this Agreement shall survive the Closing for the applicable period(s) set out in Section 4.5.

3.4 Vendors' Closing Deliveries.

At the Closing, each of the Vendors shall deliver or cause to be delivered to the Purchaser the following in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) share certificates evidencing the Purchased Shares from such Vendor duly endorsed for transfer or all such instruments of transfer, duly executed, which in the opinion of the Purchaser acting reasonably are necessary to effect and evidence the transfer of the Purchased Shares of such Vendor to the Purchaser;
- (b) a certificate pursuant to Section 3.3(a);
- (c) if applicable, a copy of the Escrow Agreement, executed by such Vendor.

3.5 Company's Closing Deliveries

At the Closing, the Company shall deliver or cause to be delivered to the Purchaser the following in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) certified copies of (i) the Constatting Documents of the Company, complete and up to date to (but not including) Closing; and (ii) all resolutions of the board of directors of the Company approving the registration of the transfers referred to in Section 2.1, and the entering into and completion of the Transaction;
- (b) a certificate pursuant to Section 3.3(b);
- (c) a certificate of good standing or equivalent issued by the applicable regulatory body with respect to the Company; and
- (d) the Company's Books and Records.

3.6 Purchaser's Closing Deliveries.

At Closing, the Purchaser shall deliver or cause to be delivered to the Vendors the following in form and substance satisfactory to the Vendors, each acting reasonably:

- (a) share certificates or DRS Statements representing the Consideration Shares registered in the names of the Vendors, in the proportions referred to in Schedule 2.2;
- (b) a certified copy of all resolutions of the board of directors of BMGB approving the issuance of the Consideration Shares to the Vendors free of all Encumbrances except as contemplated by this Agreement and the entering into of this Agreement and completion of the Transaction;
- (c) a certificate pursuant to Section 3.2(a);
- (d) a certificate of good standing issued by the British Columbia Registrar of Companies with respect to the Purchaser;
- (e) copy of the Escrow Agreement, executed by the Company; and
- (f) evidence that the Private Placement has closed for gross proceeds of no less than \$1,500,000.

3.7 Termination.

Unless otherwise agreed to in writing by the Parties, if Closing has not occurred on or before the Termination Date, this Agreement shall be terminated.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Vendors.

Each Vendor severally and not jointly and severally represents and warrants to the Purchaser as to itself (and not as to any other Vendor) as follows and acknowledges that the Purchaser is relying on these representations and warranties in connection with its purchase of the Purchased Shares and that the Purchaser would not purchase the Purchased Shares without these representations and warranties:

- (1) Validity. This Agreement has been duly executed and delivered by the Vendor and (assuming due execution and delivery by the other Parties) is a valid and binding obligation of the Vendor except as may be limited by bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction. Each of the Contracts, agreements and instruments required by this Agreement to be delivered by the Vendor have been duly executed and delivered by the Vendor and (assuming due execution and delivery by the other parties thereto) is a valid and binding obligation of the Vendor except as may be limited by bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
- (2) Ownership of Vendors' Shares. Except as indicated in the Disclosure Letter, each Vendor is the registered and beneficial owner of its respective Purchased Shares, with good and marketable title thereto, free and clear of all Encumbrances, and has the exclusive right to dispose of such Vendor's Purchased Shares as provided in this Agreement. On Closing, the Purchaser shall have good title to all Purchased Shares, free and clear of all Encumbrances other than Encumbrances granted by the Purchaser.
- (3) No Other Agreements to Purchase. No Person other than the Purchaser has any Contract or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming a Contract for the purchase or acquisition from that Vendor of any of the Purchased Shares.
- (4) Options. Other than as contemplated in this Agreement, no Person has any Contract with the Vendor or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming a Contract with the Vendor, including convertible securities, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any issued or un-issued shares or other securities of the Company.
- (5) Absence of Conflict. The execution, delivery and performance by the Vendor of this Agreement and the completion of the Transaction will not (whether after the passage of time or notice or both), result in:
 - (a) the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of, any of the Vendor's obligations, under:

- (i) any Contract to which the Vendor is a party;
 - (ii) any approval issued to the Vendor, held by the Vendor, for the Vendor's benefit or necessary to the ownership of its Vendor's Shares; or
 - (iii) any Applicable Law;
- (b) the creation or imposition of any Encumbrance over any of the Vendor's Shares; or
- (c) the requirement of any approval from any of the Vendor's creditors.
- (6) Litigation. There are no Claims pending or outstanding or, to the Vendor's knowledge, threatened against the Vendor which could affect the Vendor's Shares or the Vendor's ability to perform his obligations under this Agreement. To the Vendor's knowledge there is not any factual or legal basis on which any such Claim might be commenced with any reasonable likelihood of success.
- (7) Residency. The Vendor is not a "non-resident" of Canada within the meaning of section 116 of the Tax Act.

4.2 Representations and Warranties of the Company Relating to the Company.

The Company represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on these representations and warranties in connection with its purchase of the Purchased Shares from the Vendors:

- (1) Organization and Status. The Company is duly incorporated and organized, and is validly subsisting, under the federal laws of Canada and is up-to-date in the filing of all corporate and similar returns under the laws of that jurisdiction.
- (2) Corporate Power. The Company has all necessary corporate power and authority to carry out the Transaction contemplated in this Agreement in accordance with the terms of this Agreement and to own or lease the Assets and to carry on the Business as now being conducted by it.
- (3) Authorization. All necessary corporate action has been taken by the Company or on its part to authorize its execution and delivery of any Contracts, agreements and instruments required by this Agreement to be delivered by it and the performance of its obligations thereunder.
- (4) Consents and Approvals. There is no requirement for the Company to make any filing with or give any notice to any Governmental Authority or to obtain any permit or approval, as a condition to the lawful completion of the Transaction, except for such filings or notices that have been made or will be made in due course by the Company.
- (5) Validity. This Agreement has been duly executed and delivered by the Company and (assuming due execution and delivery by the other Parties) is a valid and binding obligation of the Company except as may be limited by bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction. Each of the Contracts, agreements and instruments required by this Agreement to be delivered by the Company have been duly executed and delivered by the Company and (assuming due execution and delivery by the other parties thereto) is a valid and binding obligation of the Company except as may be limited by bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

- (6) Bankruptcy. The Company is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or any other Applicable Law and has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. The Company has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of it or any of its undertakings, property or assets and no execution or distress has been levied on any of its undertakings, property or assets, nor have any proceedings been commenced in connection with any of the foregoing.
- (7) Authorized and Issued Capital. The Disclosure Letter sets out the authorized and issued shares of the Company, the names of the Persons who are shown on the securities register of the Company as the holder of any of the shares, the names of the Persons who are the beneficial owners of any of the shares, and the number and class of shares held or owned, as the case may be, by each Person. All of the shares indicated in the Disclosure Letter as being issued and outstanding have been validly issued and are outstanding as fully paid and non-assessable shares, and were not issued in violation of the pre-emptive rights of any Person or any Contract or Applicable Law by which the Company was bound as the time of the issuance. There are no shareholders agreements, voting trusts, pooling agreements or other Contracts, arrangements or understandings in respect of the voting of any of the shares of the Company. True, accurate and complete copies of the Constating Documents and other organizational documents of the Company have been provided to the Purchaser.
- (8) Absence of Rights to Acquire Securities. Other than as contemplated in this Agreement or disclosed in the Disclosure Letter, no Person has any agreement, right or option, present or future, contingent, absolute or capable of becoming an agreement, right or option or which with the passage of time or the occurrence of any event could become an agreement, right or option:
- (a) to require the Company to issue any further or other shares in its capital or any other security convertible or exchangeable into Company Shares or to convert or exchange any securities into or for Company Shares;
 - (b) for the issue or allotment of any unissued Company Shares;
 - (c) to require the Company to purchase, redeem or otherwise acquire any of the issued and outstanding Company Shares; or
 - (d) to acquire any Company Shares.
- (9) Absence of Conflict. The execution, delivery and performance of this Agreement by the Company and the completion of the Transaction will not (whether after the passage of time or notice or both), result in:
- (a) the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any of its obligations under:
 - (i) any Contract to which the Company is a party;
 - (ii) any provision of the Constating Documents or resolutions of the board of directors (or any committee thereof) or shareholders of the Company;
 - (iii) any judgement, decree, order or award of any Governmental Authority having jurisdiction over the Company;

- (iv) any approval issued to or held by, the Company or held for the benefit of or necessary to the operation of, the Company or the Business; or
 - (v) any Applicable Law.
 - (b) the creation or imposition of any Encumbrance over any of the Assets; or
 - (c) the requirement of any approval from any Person.
- (10) Conduct of Business. The Company has, in all material respects, complied with, and has conducted and is conducting the Business in compliance with, all Applicable Laws. The Business is the only business operation carried on by the Company and the Assets are sufficient to permit the continued operation of the Business in substantially the same manner as conducted prior to Closing.
- (11) Insolvency. The Company is able to pay its debts as they fall due and has not stopped payment of its debts. The value of the Assets of the Company exceeds the amount of the Company's liabilities, taking into account contingent and prospective liabilities. Insolvency Proceedings have not commenced in relation to the Company or (if applicable) any part of its assets or undertaking. So far as the Company is aware, there are no circumstances which entitle or may entitle any person to commence any Insolvency Proceedings in relation to the Company or (if applicable) any part of its assets or undertaking.
- (12) Real Property and Leased Property. The Company is not the owner of any real property and, other than as disclosed in the Disclosure Letter, does not lease any real property.
- (13) Title to Assets. The Company owns (with good title) all of the properties and Assets reflected as being owned by the Company in its Financial Statements, except those that have been acquired and disposed of in the Ordinary Course. The Company has legal and beneficial ownership of the Assets free and clear of all Encumbrances, except for Permitted Encumbrances.
- (14) Subsidiaries. Except as disclosed in the Disclosure Letter, the Company has no subsidiaries and holds no shares or other ownership, equity or proprietary interest in any other Person.
- (15) Material Contracts. Except for the agreements described in the Disclosure Letter (the "**Material Contracts**"), the Company is not a party to or bound by:
- (a) any Contract which Materially adversely affects the Business or any of the Assets;
 - (b) any Contract entered into by the Company other than in the Ordinary Course; or
 - (c) any Contract that is Material to the Company, the Assets or the Business.
- (16) No Default Under Material Contracts. To its knowledge, the Company has performed all of the obligations required to be performed by it and is entitled to all benefits under, and is not in default or alleged to be in default in respect of, the Material Contracts. To the Company's knowledge, each of the Material Contracts is in good standing and in full force and effect, and no event, condition or occurrence exists that, after notice or lapse of time or both, would constitute a default under any of the Material Contracts. There is no dispute between the Company and any other party under any of the Material Contracts. None of the Material Contracts has been assigned, or if applicable subleased, in whole or in part.

(17) Regulatory and Third Party Approvals.

- (a) Other than any approvals or filings, notices or permits required to be obtained or made by the Purchaser or any Person related to the Purchaser, there is no requirement to make any filing with, give any notice to or obtain any permit as a condition to the lawful completion of the Transaction contemplated by this Agreement, except for the filings, notifications and permits described in the Disclosure Letter.
- (b) Except as disclosed in the Disclosure Letter, there is no requirement under the Material Contracts for any approvals from any party to that Contract or from any other Person relating to the completion of the Transaction, for which such approval has not been obtained.

(18) Financial Statements. The Financial Statements have been prepared in accordance with IFRS. The Financial Statements fairly, completely and accurately present the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of the Company as at the date to which they were prepared and of the profit and loss of the Company in the financial year ended on the date of such Financial Statements.

(19) Books and Records. The Company's Books and Records have been maintained in accordance with the requirements of Applicable Laws.

(20) Corporate Records. The minute books of the Company contain true, accurate and complete records of all of its Constatng Documents. The share certificates, register of shareholders, register of directors and officers, central securities register and register of transfers of the Company are true, accurate and complete.

(21) Undisclosed Liabilities. The Company has no liabilities, obligations, indebtedness or commitments of any nature whatsoever, whether known or unknown, due, to become due, direct, indirect, absolute, contingent or otherwise, and is not a party to or bound by any agreement of guarantee, support, indemnification, assumption or endorsement of, or any other similar commitment with respect to the liabilities, obligations, indebtedness or commitments (whether accrued, absolute, contingent or otherwise) of any Person, that are not disclosed in the Financial Statements, disclosed in the Disclosure Letter, or incurred in the Ordinary Course.

(22) Absence of Changes. Since the date of the Financial Statements and except as disclosed in the Disclosure Letter, the Company has carried on the Business and conducted its operations and affairs only in the Ordinary Course and the Company has not made or suffered any Material Adverse Change.

(23) Litigation. There are no Claims pending or, to the knowledge of the Company, threatened against or affecting, the Company or the Assets. To the knowledge of the Company there is not any factual or legal basis on which any such Claim might be commenced with any reasonable likelihood of success. The Company is not the plaintiff or complainant in any Claim.

(24) Accounts and Attorneys. The Disclosure Letter provides a true, accurate and complete list of the accounts and safety deposit boxes of the Company and sets out the name of each bank, trust company or similar institution in which the Company has accounts or safety deposit boxes, the balance of each such account and the number or designation of each such account and safety deposit box and the names of all Persons authorized to draw thereon or to have access thereto.

- (25) Non-Arm's Length Transaction. The Company has not made any payment or loan to, or borrowed any moneys from or is otherwise indebted to, any officer, director, employee, shareholder or any other Person not dealing at arm's length with the Company, except as disclosed in the Disclosure Letter. The Company is not a party to any Contract with any officer, director, employee, shareholder or any other Person not dealing at arm's length with the Company, except for any employment agreements with the employees of the Company described in the Disclosure Letter.
- (26) Employees. The Disclosure Letter lists the employees of the Company and their current remuneration. Except as listed in the Disclosure Letter, the Company is not a party to any Contract, agreement or other commitment, whether oral or written, with any employee other than oral contracts of indefinite duration which are terminable by the Company without cause on reasonable notice as determined in accordance with applicable law. The Financial Statements include adequate accruals or reserves, for all accrued and unpaid salaries, wages, bonuses or other remuneration, vacation pay, CPP, EI and other employee related accruals, including for any severance or termination payments in respect of any employees whose employment was terminated or who were laid off by the Company on or before the date of such statements.
- (27) Employee Plans. The Company has no Employee Plans.
- (28) Union Contracts. The Company has not entered into any collective agreement with any labour union or employee association or made any commitments to or conducted any negotiations with any labour union or employee association with respect to any future collective agreement. The Company is not aware of any current attempts to organize, establish or certify any labour union or employee association with respect to any employees of the Company, nor is any such union or association presently certified with regard to a bargaining unit.
- (29) Insurance. The Company maintains insurance in force against loss on such assets, against such risks, in such amounts and to such limits as is in accordance with prudent business practices prevailing in its business and having regard to the location, age and character of its Assets, and all such insurance policies are disclosed in the Disclosure Letter.
- (30) Permits and Licenses. The Company holds all material authorizations, approvals, orders, licenses, permits or consents issued by any applicable government or governmental authority, or any municipal, regional or other authority, or any regulatory body or agency, including any governmental department, commission, bureau, board or administrative agency, which are necessary in connection with the conduct and operation of its Business and the ownership, leasing or use of its Assets as the same are now owned, leased, used conducted or operated, the Company is not in breach of or in default under any of the terms or conditions thereof (except to the extent such breach or default would not result in a Material Adverse Effect), and all such authorizations, approvals, orders, licences, permits and consent are listed in the Disclosure Letter;
- (31) Intellectual Property. The Disclosure Letter sets forth a true and complete list of all registrations and applications for registration of trade-marks, patents, copyrights, industrial designs and any other intellectual property registrations and applications for registration and all material, unregistered intellectual property used in or necessary for the conduct of the Business (the "**Intellectual Property**") as well as all material licences relating to the Intellectual Property. The Company owns or is licensed to use the Intellectual Property and has not transferred, assigned or encumbered the Intellectual Property or its interests therein in any way. The conduct of the Business does not infringe the intellectual property or contractual rights or obligations of any person and is in accordance with any and all agreements pursuant to which the Company has the right to use or license any third-party intellectual property. No person has instituted or threatened

any proceeding or action against the Company alleging any infringement by it of the intellectual property of such person.

- (32) No Finder's Fees. Except as disclosed in the Disclosure Letter or as contemplated in this Agreement, the Company has not taken and will not take any action that would cause BMGB, the Company or the Vendors to become liable to any Claim for a brokerage commission, finder's fee or other similar arrangement.
- (33) Taxes. The Company has paid all Taxes which are due and payable within the time required by Applicable Law and has paid all assessments and reassessments it has received in respect of Taxes. The Company has made full and adequate provision in its Books and Records and the Financial Statements for all Taxes which are not yet due and payable but which relate to periods ending on or before the Closing Date. The Company has withheld and collected all amounts required by Applicable Law to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Authority within the time prescribed under any Applicable Law. The Company has filed or caused to be file all Tax Returns which are required to be filed by it and such Tax Returns are correct and complete, and the Company has made complete and accurate disclosure in its Tax Returns and in all materials accompanying such Tax Returns, except in respect of a particular Tax Return to the extent that it may have been modified in a subsequent Tax Return.
- (34) Disclosure Letter. The Company has been given the opportunity to review the Disclosure Letter prior to execution of this Agreement and understands that the Disclosure Letter forms part of this Agreement to be executed by the Company.
- (35) Full Disclosure. Neither this Agreement or any other Contract, agreement, instrument, certificate or other document required to be delivered by or otherwise to be delivered pursuant to this Agreement by the Company nor any certificate, report, statement or other document furnished by the Company in connection with the negotiation of this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading. There has been no event, transaction or information that has come to the attention of the Company that has not been disclosed to the Purchaser in writing that could reasonably be expected to have a Material Adverse Effect.

4.3 Representations and Warranties of the Purchaser.

The Purchaser represents and warrants to each Vendor and the Company as follows and acknowledges that each Vendor and the Company is relying on these representations and warranties in connection with the sale by that Vendor of its Purchased Shares and the Transaction contemplated herein:

- (1) Organization and Status. The Purchaser is duly incorporated and organized, and is validly subsisting, under the *Business Corporations Act* (British Columbia) and is up-to-date in the filing of all corporate and similar returns under the laws of that jurisdiction.
- (2) Corporate Power. The Purchaser has all necessary corporate power and authority to acquire the Purchased Shares, to enter into this Agreement and to perform its obligations hereunder, and to own or lease its assets and to carry on its business as now being conducted by it.
- (3) Authorization. All necessary corporate action has been taken by or on the part of the Purchaser to authorize its execution and delivery of this Agreement and the Contracts, agreements and

instruments required by this Agreement to be delivered by it and the performance of its obligations hereunder and thereunder.

- (4) Consents and Approvals. There is no requirement for the Purchaser to make any filing with or give any notice to any Governmental Authority or to obtain any permit or approval, as a condition to the lawful completion of the Transaction.
- (5) Validity. This Agreement has been duly executed and delivered by the Purchaser and (assuming due execution and delivery by the other Parties) is a valid and binding obligation of the Purchaser except as may be limited by bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction. Each of the Contracts, agreements and instruments required by this Agreement to be delivered by the Purchaser have been duly executed and delivered by the Purchaser and (assuming due execution and delivery by the other parties thereto) is a valid and binding obligation of the Purchaser except as may be limited by bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
- (6) Bankruptcy. The Purchaser is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. The Purchaser has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of it or any of its undertakings, property or assets and no execution or distress has been levied on any of its undertakings, property or assets, nor have any proceedings been commenced in connection with any of the foregoing.
- (7) Capitalization. The entire authorized capital stock of BMGB consists of an unlimited number of BMGB Shares, of which 4,600,000 BMGB Shares are currently issued and outstanding. All of the outstanding equity securities of BMGB have been duly authorized and validly issued and are fully paid and non-assessable. None of the outstanding equity securities or other securities of BMGB, if any, were issued in violation of any Applicable Law.
- (8) Absence of Rights to Acquire Securities. Other than as disclosed in the BMGB Public Disclosure Record, no Person has any agreement, right or option, present or future, contingent, absolute or capable of becoming an agreement, right or option or which with the passage of time or the occurrence of any event could become an agreement, right or option:
 - (a) to require BMGB to issue any further or other shares in its capital or any other security convertible or exchangeable into BMGB Shares or to convert or exchange any securities into or for BMGB Shares;
 - (b) for the issue or allotment of any unissued BMGB Shares;
 - (c) to require BMGB to purchase, redeem or otherwise acquire any of the issued and outstanding BMGB Shares; or
 - (d) to acquire any BMGB Shares.

- (9) Absence of Conflict. The execution, delivery and performance by the Purchaser of this Agreement and the completion of the Transaction will not, (whether after the passage of time or notice or both), result in:
- (a) the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any of its obligation, under:
 - (i) any Contract to which it is a party or by which any of its undertakings, property or assets is bound or affected;
 - (ii) any provision of its Constatng Documents or resolutions of its board of directors (or any committee thereof) or shareholders;
 - (iii) any approval issued to, held by or for the benefit of, the Purchaser;
 - (iv) any Applicable Law; or
- the requirement for any approval from any Person.
- (10) Conduct of Business. BMGB has, in all material respects, complied with, and has conducted and is conducting the BMGB Business in compliance with, all Applicable Laws. The BMGB Business is the only business operation carried on by BMGB and the BMGB Assets are sufficient to permit the continued operation of the BMGB Business in substantially the same manner as conducted prior to Closing.
- (11) Insolvency. BMGB is able to pay its debts as they fall due and has not stopped payment of its debts. The value of the BMGB Assets of BMGB exceeds the amount of BMGB's liabilities, taking into account contingent and prospective liabilities. Insolvency Proceedings have not commenced in relation to BMGB or (if applicable) any part of its assets or undertaking. So far as BMGB is aware, there are no circumstances which entitle or may entitle any person to commence any Insolvency Proceedings in relation to BMGB or (if applicable) any part of its assets or undertaking.
- (12) Real Property and Leased Property. BMGB is not the owner of any real property and does not lease any real property.
- (13) Title to Assets. BMGB owns (with good title) all of the properties and Assets reflected as being owned by BMGB in the BMGB Financial Statements. BMGB has legal and beneficial ownership of the BMGB Assets free and clear of all Encumbrances, except for Permitted Encumbrances.
- (14) Subsidiaries. BMGB has no subsidiaries and holds no shares or other ownership, equity or proprietary interest in any other Person.
- (15) Material Contracts. Except for the agreements described in the BMGB Public Disclosure Record (the "**BMGB Material Contracts**"), BMGB is not a party to or bound by:
- (a) any Contract which Materially adversely affects the BMGB Business or any of the BMGB Assets;
 - (b) any Contract entered into by BMGB other than in the Ordinary Course; or
 - (c) any Contract that is Material to BMGB, the BMGB Assets or the BMGB Business.
- (16) No Default Under Material Contracts. To its knowledge, BMGB has performed all of the obligations required to be performed by it and is entitled to all benefits under and is not in default

or alleged to be in default in respect of, the BMGB Material Contracts. To BMGB's knowledge, each of the BMGB Material Contracts is in good standing and in full force and effect, and no event, condition or occurrence exists that, after notice or lapse of time or both, would constitute a default under any of the BMGB Material Contracts. There is no dispute between BMGB and any other party under any of the BMGB Material Contracts. None of the BMGB Material Contracts has been assigned, or if applicable subleased, in whole or in part.

(17) Regulatory and Third Party Approvals.

- (a) Other than any approvals or filings, notices or permits required to be obtained or made by the Company, the Vendors or any Person related to any of them, there is no requirement to make any filing with, give any notice to or obtain any permit as a condition to the lawful completion of the Transaction contemplated by this Agreement, except for the filings, notifications and permits described in the BMGB Public Disclosure Record.
- (b) Except as disclosed in the BMGB Public Disclosure Record, there is no requirement under the BMGB Material Contracts for any approvals from any party to that Contract or from any other Person relating to the completion of the Transaction, for which such approval has not been obtained.

(18) Financial Statements. The BMGB Financial Statements have been prepared in accordance with IFRS. The BMGB Financial Statements fairly, completely and accurately present the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of BMGB as at the date to which they were prepared.

(19) Books and Records. BMGB's Books and Records have been maintained in accordance with the requirements of Applicable Laws.

(20) Corporate Records. The minute books of BMGB contain true, accurate and complete records of all of its Constatting Documents. The share certificates, register of shareholders, register of directors and officers, central securities register and register of transfers of BMGB are true, accurate and complete.

(21) Undisclosed Liabilities. BMGB has no liabilities, obligations, indebtedness or commitments of any nature whatsoever, whether known or unknown, due, to become due, direct, indirect, absolute, contingent or otherwise, and is not a party to or bound by any agreement of guarantee, support, indemnification, assumption or endorsement of, or any other similar commitment with respect to the liabilities, obligations, indebtedness or commitments (whether accrued, absolute, contingent or otherwise) of any Person, that are not disclosed in the BMGB Financial Statements or disclosed in the Schedules to this Agreement.

(22) Absence of Changes. Since the date of the BMGB Financial Statements, BMGB has carried on the BMGB Business and conducted its operations and affairs only in the Ordinary Course and BMGB has not made or suffered any Material Adverse Change except as disclosed in the BMGB Public Disclosure Record.

(23) Litigation. There are no Claims pending or, to the knowledge of BMGB, threatened against or affecting, BMGB. To the knowledge of BMGB there is not any factual or legal basis on which any such Claim might be commenced with any reasonable likelihood of success. BMGB is not the plaintiff or complainant in any Claim.

- (24) Accounts and Attorneys. BMGB has provided to the Company a true, accurate and complete list of the accounts and safety deposit boxes of BMGB and sets out the name of each bank, trust company or similar institution in which BMGB has accounts or safety deposit boxes, the number or designation of each such account and safety deposit box and the names of all Persons authorized to draw thereon or to have access thereto.
- (25) Non-Arm's Length Transaction. BMGB has not made any payment or loan to, or borrowed any moneys from or is otherwise indebted to, any officer, director, employee, shareholder or any other Person not dealing at arm's length with BMGB, except as disclosed in the BMGB Financial Statements. BMGB is not a party to any Contract with any officer, director, employee, shareholder or any other Person not dealing at arm's length with the Company, except as described in the BMGB Public Disclosure Record.
- (26) Employees. BMGB has no employees.
- (27) Employee Plans. BMGB has no Employee Plans.
- (28) Union Contracts. BMGB has not entered into any collective agreement with any labour union or employee association or made any commitments to or conducted any negotiations with any labour union or employee association with respect to any future collective agreement. BMGB is not aware of any current attempts to organize, establish or certify any labour union or employee association with respect to any employees of BMGB, nor is any such union or association presently certified with regard to a bargaining unit.
- (29) Insurance. BMGB does not maintain any insurance.
- (30) Permits and Licenses. BMGB holds all material authorizations, approvals, orders, licenses, permits or consents issued by any applicable government or governmental authority, or any municipal, regional or other authority, or any regulatory body or agency, including any governmental department, commission, bureau, board or administrative agency, which are necessary in connection with the conduct and operation of the BMGB Business and the ownership, leasing or use of the BMGB Assets as the same are now owned, leased, used conducted or operated, BMGB is not in breach of or in default under any of the terms or conditions thereof (except to the extent such breach or default would not result in a Material Adverse Effect), and all such authorizations, approvals, orders, licences, permits and consent are described in BMGB Public Disclosure Record.
- (31) Intellectual Property. Except as disclosed in BMGB Public Disclosure Record, BMGB does not have any registrations and has not made any applications for registration of trade-marks, patents, copyrights, industrial designs or any other intellectual property registrations or applications for registration. The conduct of the BMGB Business does not infringe the intellectual property or contractual rights or obligations of any person and is in accordance with any and all agreements pursuant to which BMGB has the right to use or license any third-party intellectual property. No person has instituted or threatened any proceeding or action against BMGB alleging any infringement by it of the intellectual property of such person.
- (32) No Finder's Fees. Except as disclosed in the BMGB Public Disclosure Record or as contemplated in this Agreement, BMGB has not taken and will not take any action that would cause BMGB, the Company or the Vendors to become liable to any Claim for a brokerage commission, finder's fee or other similar arrangement.

- (33) Taxes. BMGB has paid all Taxes which are due and payable within the time required by Applicable Law and has paid all assessments and reassessments it has received in respect of Taxes. BMGB has made full and adequate provision in its Books and Records and the BMGB Financial Statements for all Taxes which are not yet due and payable but which relate to periods ending on or before the Closing Date. BMGB has withheld and collected all amounts required by Applicable Law to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Authority within the time prescribed under any Applicable Law. BMGB has filed or caused to be filed all Tax Returns which are required to be filed by it and such Tax Returns are correct and complete, and BMGB has made complete and accurate disclosure in its Tax Returns and in all materials accompanying such Tax Returns, except in respect of a particular Tax Return to the extent that it may have been modified in a subsequent Tax Return.
- (34) Consideration Shares. As of the Closing Date and upon completion of the Transaction, the Consideration Shares will be validly issued as fully paid and non-assessable, and shall be free trading and not subject to any resale restrictions other than in accordance with the terms of this Agreement, the Escrow Agreement or as set out in the legends described in Schedule 2.2 (*Allocation of Purchase Price*).
- (35) Reporting Issuer Status. The Purchaser is a “reporting issuer” within the meaning of Applicable Laws in Alberta, Ontario, and British Columbia, and is not on the list of reporting issuers in default under Applicable Laws, and no securities commission or similar regulatory authority has issued any order preventing or suspending trading of any securities of the Purchaser, and the Purchaser is not in default of any provision of Canadian Securities Laws. Except as previously disclosed by BMGB to the Company, no delisting, suspension of trading or cease trading order with respect to any securities of the Purchaser is pending or, to the knowledge of the Purchaser, threatened.
- (36) Full Disclosure. Neither this Agreement or any other Contract, agreement, instrument, certificate or other document required to be delivered by or otherwise to be delivered pursuant to this Agreement by BMGB nor any certificate, report, statement or other document furnished by BMGB in connection with the negotiation of this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading. There has been no event, transaction or information that has come to the attention of the Purchaser that has not been disclosed to the Company in writing that could reasonably be expected to have a Material Adverse Effect.

4.4 Survival of Representations, Warranties and Covenants of the Vendors.

- (1) The representations and warranties of the Vendors contained in this Agreement and in any Contract, agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement shall survive Closing and continue in full force and effect until the first anniversary of the Closing Date, notwithstanding the Closing, any investigation made by or on behalf of the Purchaser or any knowledge of the Purchaser.
- (2) The covenants and other obligations of the Vendors contained in this Agreement and in any Contract, agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement, to the extent that they have not been fully performed on or prior to the Closing Date, shall survive Closing and shall continue for the benefit of the Purchaser for the applicable limitation period imposed by Applicable Law notwithstanding Closing.

- (3) Notwithstanding Section 4.4(1), a Claim for any breach of any of the indemnities, covenants, representations and warranties contained in this Agreement or in any Contract, agreement, instrument, certificate or other document executed or delivered pursuant hereto involving fraud or fraudulent misrepresentations may be made at any time following the Closing Date, subject only to applicable limitation periods imposed by Applicable Law.

4.5 Survival of the Representations, Warranties and Covenants of the Purchaser.

- (1) The representations and warranties of the Purchaser contained in this Agreement and in any Contract, agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement shall survive Closing and continue in full force and effect until the first anniversary of the Closing Date, notwithstanding the Closing, any investigation made by or on behalf of any Vendor or any knowledge of any Vendor.
- (2) The covenants and other obligations of the Purchaser and BMGB contained in this Agreement and in any Contract, agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement, to the extent that they have not been fully performed on or prior to the Closing Date, shall survive Closing and shall continue for the benefit of the Vendors for the applicable limitation period imposed by Applicable Law notwithstanding Closing.
- (3) Notwithstanding Section 4.5(1), a Claim for any breach of any of the representations and warranties contained in this Agreement or in any Contract, agreement, instrument, certificate or other document executed or delivered pursuant hereto involving fraud or fraudulent misrepresentations may be made at any time following the Closing Date, subject only to applicable limitation periods imposed by Applicable Law.

4.6 Termination of Liability.

After the times referred to in Section 4.4 (*Survival of the Representations, Warranties and Covenants of the Vendors*) and Section 4.5 (*Survival of the Representations and Warranties of the Purchaser* (as applicable)), no Party shall have any liability or obligations to the other Party in respect of any inaccuracy in or breach of any representation or warranty contained in this Agreement and any Contract, agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement, except for (and only to the extent of) any Claim in respect of which the other Party has provided notice to the Party making that representation and warranty in accordance with Section 6.4 (*Notice of Claim*) prior to the expiry of those time limits, and in that event, only on the terms and conditions of and to the extent provided for in Article 6 (*Indemnification*).

ARTICLE 5 COVENANTS

5.1 Conduct of Business Prior to Closing.

Except as otherwise contemplated or permitted by this Agreement, during the period from the date of this Agreement to the Closing Date, each of the Company and BMGB shall:

- (a) Conduct Business in Ordinary and Usual Course. Except as otherwise disclosed in this Agreement, conduct the Business or the BMGB Business, as the case may be, in the ordinary and usual course thereof and not, without the prior written consent of the other Party (that is, either BMGB or the Company, as the case may be), enter into any transaction which would constitute a breach of its representations, warranties or agreements contained herein;
- (b) Continue Insurance. Continue in force all existing policies of insurance presently maintained by it;
- (c) Perform Obligations. Comply with all laws affecting the operation of the Business or the BMGB Business, as the case may be, and pay all required Taxes;
- (d) Pay Liabilities. Pay and discharge all of its liabilities or obligations in the ordinary and usual course of business consistent with past business practice, except for such liabilities or obligations as may be contested by it in good faith;
- (e) No Breach. Not take any action or omit to take any action which would, or would reasonably be expected to, result in a breach of or render untrue any representation, warranty, covenant, or other obligation of it contained herein;
- (f) Preserve Business. Preserve intact the Business and the Assets, operations and affairs of the Company, or the BMGB Business and the BMGB Assets, operations and affairs of BMGB, as the case may be, and carry on the business and the affairs of the Company or of BMGB, as the case may be, as currently conducted, and promote and preserve the goodwill of its suppliers, its customers and others having business relations with it; and
- (g) Necessary Steps. Take all necessary actions, steps and proceedings that are necessary or desirable to approve or authorize, or to validly and effectively undertake, the execution and delivery of this Agreement and the completion of the Transaction.

5.2 Access to Books and Records.

For the longer of (i) a period of two years from the Closing Date and (ii) a period ending upon the final resolution of any disputes pursuant to this Agreement, the Purchaser shall retain all original accounting Books and Records relating to the Company that are part of the Company's Books and Records existing on the Closing Date, but the Purchaser shall not be responsible or liable to the Vendors for or as a result of any accidental loss or destruction or damage to any such Books and Records. So long as any such Books and Records are retained by the Purchaser pursuant to this Agreement, the Vendors shall have the reasonable right to inspect and to make copies (at their own expense) of such Books and Records as they relate to any period prior to the Closing Date at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Company. The Purchaser shall have the right to have its representatives present during any such inspection.

5.3 TSXV Filing Statement.

Except as otherwise contemplated or permitted by this Agreement, following execution of this Agreement, BMGB shall prepare, with the reasonable assistance of and with information provided from the Company and the Vendors, and file the Filing Statement with the TSXV, as soon as practicable. BMGB shall ensure that the Filing Statement complies in all material respects with the rules, policies and

forms of the TSXV, and, without limiting the generality of the foregoing, that the Filing Statement will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than in each case with respect to any information relating to the Company or any of the Vendors). Furthermore, the Company and its legal counsel shall be given a reasonable opportunity to review and comment on the Filing Statement, prior to the Filing Statement being filed with the TSXV, and reasonable consideration shall be given to any comments made by them, provided that all information relating solely to the Company included in the Filing Statement shall be in form and content satisfactory to the Company, acting reasonably.

5.4 Further Assurances.

From time to time after the Closing Date, each Party shall, at the request of any other Party, execute and deliver such additional conveyances, transfers and other assurances as may be reasonably required to carry out the intent of this Agreement.

ARTICLE 6 INDEMNIFICATION

6.1 Individual Indemnification by the Vendors.

Subject to this Article 6 (*Indemnification*) and Section 4.4 (*Survival of Representation, Warranties and Covenants of the Vendors*), each Vendor shall, individually and not jointly and severally, indemnify and save harmless the Purchaser from any and all Losses suffered or incurred by the Purchaser as a result of or arising directly or indirectly out of or in connection with:

- (a) any inaccuracy of or any breach by that Vendor of any representation or warranty as to itself (and not as to any other Vendor) contained in Section 4.1 (*Representations and Warranties of the Vendors*) except that such Vendor shall not be required to indemnify and save harmless the Purchaser in respect of any inaccuracy or breach of any such representation or warranty unless the Purchaser shall have provided notice to that Vendor in accordance with Section 6.4 on or prior to the expiration of the applicable time period related to that representation and warranty set out in Section 4.4 (*Survival of Representations, Warranties and Covenants of the Vendors*); and
- (b) any failure by that Vendor to transfer good and valid title to the Purchased Shares to the Purchaser, free and clear of all Encumbrances, other than those restrictions on transfer, if any, contained in the Constatting Documents of the Company,

provided however that each Vendor shall be liable for Losses suffered or incurred by the Purchaser in an amount or amounts up to the aggregate value of such Vendor's Purchased Shares.

6.2 Indemnification by the Purchaser.

Subject to this Article 6 (*Indemnification*), the Purchaser shall indemnify and save harmless the Vendors or any of them from any and all Losses suffered or incurred by the Vendors or any of them as a result of or arising directly or indirectly out of or in connection with:

- (a) any inaccuracy of or any breach by the Purchaser of any representation or warranty of the Purchaser contained in this Agreement or in any Contract, agreement, instrument, certificate or other document delivered pursuant to this Agreement (except that the Purchaser shall not be required to indemnify or save harmless the Vendors in respect of any inaccuracy or breach of any representation or warranty unless the Vendors shall have provided notice to the Purchaser in accordance with Section 6.4 (*Notice of Claim*) on or prior to the expiration of the time period set out in Section 4.5 (*Survival of the Representations, Warranties and Covenants of the Purchaser*)); and
- (b) any failure of BMGB to issue good and valid title to the Consideration Shares to the Vendors, free and clear of all Encumbrances, other than those restrictions on transfer described in this Agreement,

provided however that the Purchaser shall be liable for Losses suffered or incurred by each Vendor in an amount or amounts up to the aggregate value of such Vendor's Purchased Shares.

6.3 Obligation to Reimburse.

The Party providing indemnification under this Agreement (the "**Indemnifying Party**") shall be obligated to reimburse to the Party being indemnified under this Agreement (the "**Indemnified Party**") the amount of any Losses suffered or incurred by the Indemnified Party, as of the date that the Indemnified Party incurs any such Losses, that payment being made without prejudice to the Indemnifying Party's right to contest the basis of the Indemnified Party's Claim for indemnification.

6.4 Notice of Claim.

- (1) Promptly on becoming aware of any circumstances which have given or could give rise to a Claim of indemnification under this Article 6 (*Indemnification*), the Party shall notify the other Parties of those circumstances. That notice shall specify whether the Losses arise as a result of a Claim by a Person against the Company or the Indemnified Party (a "**Third Party Claim**") or whether the Losses do not so arise (a "**Direct Claim**"), and shall also specify with reasonable particularity (to the extent the information is available) the factual basis for the Claim and the amount of the Losses, if known.
- (2) If through the fault of the Indemnified Party, the Indemnifying Party does not receive notice of any Claim in time to contest effectively the determination of any liability susceptible of being contested, the Indemnifying Party shall be entitled to set off against the amount claimed by the Indemnified Party the amount of any Losses incurred by the Indemnifying Party resulting from the Indemnified Party's failure to give that notice on a timely basis.

6.5 Direct Claims.

With respect to any Direct Claim, following receipt of notice from the Indemnified Party of the Direct Claim, the Indemnifying Party shall have 60 calendar days to make such investigation of the Direct Claim as is considered necessary or desirable. For the purpose of that investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied on by the Indemnified Party to substantiate the Direct Claim, together with such information as the Indemnifying Party may reasonably request. If the Parties agree at or prior to the expiry of this 60 calendar day period (or agree to any

extension of this period) to the validity and amount of that Direct Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full amount as agreed to by the Parties of the Direct Claim. For clarity, the Indemnified Party shall be deemed to have incurred or suffered Losses as of and from the Closing Date as a consequence of any reduction in the value of either the Purchased Shares (where the Indemnifying Party is a Vendor) and the Consideration Shares (where the Indemnifying Party is the Purchaser) resulting from an inaccuracy or breach of any representation or warranty by the Indemnifying Party under this Agreement.

6.6 Third Party Claims.

- (1) With respect to any Third Party Claim, the Indemnifying Party shall be entitled (but not required), at its expense, to participate in or assume the conduct of the negotiations, settlement or defence of the Third Party Claim and, in that event, the Indemnifying Party shall reimburse the Indemnified Party for all of the Indemnified Party's reasonable out-of-pocket expenses incurred in connection with the negotiations, settlement or defence of the Third Party Claim prior to the Indemnifying Party's assumption of the conduct of the negotiations, settlement or defence of the Third Party Claim.
- (2) If the Indemnifying Party elects to assume the conduct of the negotiations, settlement or defence of the Third Party Claim, the Indemnifying Party shall be entitled to retain counsel on behalf of the Indemnified Party who is acceptable to the Indemnified Party, acting reasonably, to represent the Indemnified Party of that Third Party Claim. In any Third Party Claim for which the Indemnifying Party elects to assume that conduct, the Indemnified Party shall have the right to participate in the negotiation, settlement or defence of that Third Party Claim and to retain separate counsel to act on its behalf but the fees and disbursements of that counsel shall be at the expense of the Indemnified Party unless:
 - (a) the Indemnified Party determines, acting reasonably and on the written advice of external counsel, that actual or potential conflicts of interests exist which make representation chosen by the Indemnifying Party not advisable (such as where the named parties to that Third Party Claim include both the Indemnifying Party and the Indemnified Party, and the defences available to the Indemnified Party are different or in addition to those available to the Indemnifying Party); or
 - (b) the Indemnifying Party has authorized the retention of that counsel.
- (3) If the Indemnifying Party, having elected to assume that conduct, thereafter fails to defend the Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume that conduct, and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to that Third Party Claim. If any Third Party Claim is of a nature such that the Indemnified Party is required by Applicable Law to make a payment to any Person (a "**Third Party**") with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnified Party shall provide prior written notice of that payment to the Indemnifying Party and thereafter may make that payment and the Indemnifying Party shall, forthwith after demand by the Indemnified Party, reimburse the Indemnified Party for that payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which that payment was made, as finally determined, is less than the amount that was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of that difference to the Indemnifying Party.

6.7 Settlement of Third Party Claims.

If the Indemnifying Party undertakes the defence of the Third Party Claim, the Indemnifying Party will not be bound by any determination of the Third Party Claim or any compromise or settlement of the Third Party Claim effected without the consent of the Indemnifying Party (which consent may not be unreasonably withheld or delayed).

Whether or not the Indemnifying Party assumes conduct of the negotiation, settlement or defence of any Third Party Claim, the Indemnifying Party shall not settle any Third Party Claim without the written consent of the Indemnified Party, which consent cannot be unreasonably withheld or delayed, except that the liability of the Indemnifying Party shall be limited to the proposed amount if any such consent, which cannot be unreasonably withheld or delayed, is not obtained and the Indemnified Party shall indemnify and save harmless the Indemnifying Party from and against any Losses resulting from or arising out of the failure of the Indemnified Party to consent to that settlement.

6.8 Co-Operation.

The Indemnified Party and the Indemnifying Party shall co-operate fully with each other with respect to Third Party Claims, and shall keep each other fully advised with respect to that Third Party Claim (including supplying copies of all relevant documentation promptly as it becomes available). Where the defence of a Third Party Claim is being undertaken and conducted by the Indemnifying Party, the Indemnified Party shall use all reasonable efforts to make available to the Indemnifying Party, at the request and expense of the Indemnifying Party, those employees of the Indemnified Party whose assistance, testimony or presence is reasonably necessary to assist the Indemnifying Party in evaluating and defending that Third Party Claim.

6.9 Gross-up.

- (1) If an amount paid or payable pursuant this Article 6 (*Indemnification*) is subject to Tax, whether by deduction from or withholding from such amount or upon receipt of or entitlement to receipt of such amount, after taking into account any offsetting deduction or tax credit available in respect of the applicable Losses, then the amount payable by the Indemnifying Party shall be increased by an amount (the **"Increased Amount"**) such that the Indemnified Party shall be in the same position after paying Tax on the amount paid or payable or after such withholding has occurred, including any Taxes payable on the Increased Amount, as the Indemnified Party would have been in had the Losses giving rise to such payment not arisen and had such amount not been payable.
- (2) The recipient or expected recipient of a payment under this Article 6 shall claim from the appropriate Tax Authority any exemption, rate reduction, refund, credit or similar benefit (including pursuant to any relevant double tax treaty) to which it is entitled in respect of any deduction or withholding in respect of which a payment has been or would otherwise be required to be made pursuant to Section 6.9(1) and, for such purposes shall, within any applicable time limits, submit any claims, notices, returns or applications and send a copy of them to the Indemnifying Party.
- (3) If the Indemnified Party receives a refund of any Tax payable by it then it shall reimburse the Indemnifying Party such part of such Increased Amount paid to it pursuant to Section 6.9(1) above as the Indemnified Party certifies to the Indemnifying Party will leave it (after such reimbursement) in no better and no worse position that it would have been if the Indemnifying

Party had not been required to make such deduction or withholding or the Indemnified Party had not suffered Tax on receipt of such amount.

6.10 Exclusivity.

Unless otherwise provided in this Agreement, the provisions of this Article 6 (*Indemnification*) shall apply to any Claim for breach of covenants, representation, warranty or other obligation or provision of this Agreement or any Contract, agreement, instrument, certificate or other document delivered pursuant to this Agreement (other than a Claim for specific performance or injunctive relief) and to any and all other indemnities provided in this Agreement or in any Contract, agreement, instrument, certificate or other document delivered pursuant to this Agreement with the intent that unless otherwise provided all such Claims and indemnities shall be brought only in accordance with the specific provisions of this Article 6 (*Indemnification*).

ARTICLE 7 GENERAL

7.1 Confidentiality of Information.

- (1) For the purposes of this Section 7.1 (*Confidentiality of Information*), “**Confidential Information**” of a Party at any time means all information relating to that Party which at the time is of a confidential nature (whether or not specifically identified as confidential), is known or should be known by the other relevant Party or its Representatives as being confidential, and has been or is from time to time made known to or is otherwise learned by the relevant other Party or any of its Representatives as a result of the matters provided for in this Agreement, and includes:
- (a) the terms of this Agreement and of any other Contract, agreement, instrument, certificate or other document to be entered into as contemplated by this Agreement;
 - (b) a Party’s business records;
 - (c) all information regarding a Party’s business operations; and
 - (d) all trade secrets or confidential or proprietary information of the Parties.

Notwithstanding the foregoing, Confidential Information does not include any information that at the time has become generally available to the public other than as a result of a disclosure by the other Party or any of its Representatives, any information that was available to the other Party or its Representatives on a non-confidential basis before the date of this Agreement or any information that becomes available to the other Party or its Representatives on a non-confidential basis from a Person (other than the Party to which the information relates or any of its Representatives) who is not, to the knowledge of the other Party or its Representatives, otherwise bound by confidentiality obligations to the Party to which the information relates in respect of the information or otherwise prohibited from transmitting the information to the other Party or its Representatives.

- (2) Each Party shall (and shall cause each of its Representatives to) hold in strictest confidence and not use in any manner, other than as expressly contemplated by this Agreement, all Confidential Information of the other Parties.
- (3) Subject to Section 7.2 (*Public Announcements*), Section 7.1(2) shall not apply to the disclosure of any Confidential Information where that disclosure is required by Applicable Law by either the Company or the Purchaser. In the case of disclosure required by Applicable Law, the Party (i.e. the Company or the Purchaser) required to disclose (or whose Representative is required to disclose) shall, as soon as possible in the circumstances, notify the other Party (i.e. the Company or the Purchaser) of the requirement of the disclosure including the nature and extent of the disclosure and the provision of Applicable Law pursuant to which the disclosure is required. To the extent possible, the Party required to make the disclosure shall, before doing so, provide to the other Party the text of any disclosure. On receiving the notification, the other Party may take any reasonable action to challenge the requirement, and the affected Party shall (or shall cause the applicable Representative to), at the expense of the other Party, assist the other Party in taking that reasonable action.

7.2 Public Announcements.

No Party shall make any further public statement or issue any further press release concerning this Agreement or the Transaction except that the Purchaser may make disclosure as agreed by the Company acting reasonably and except that the Company may make disclosure as agreed by the Purchaser acting reasonably, or except as may be necessary, in the opinion of counsel to the Company or the Purchaser making that disclosure, to comply with the requirements of all Applicable Law. If any public statement or release is so required, the Party making the disclosure shall consult with the other Party before making that statement or release, and the Company and the Purchaser shall use all reasonable efforts, acting in good faith, to agree on a text for the statement or release that is satisfactory to them.

7.3 Expenses.

Each Party shall pay all expenses (including Taxes imposed on those expenses) it incurs in the authorization, negotiation, preparation, execution and performance of this Agreement and the Transaction, including all fees and expenses of its legal counsel, accountants or other representatives or consultants.

7.4 No Third Party Beneficiary.

This Agreement is solely for the benefit of the Parties and no third parties shall accrue any benefit, Claim or right of any kind pursuant to, under, by or through this Agreement.

7.5 Entire Agreement.

This Agreement together with the other agreements to be entered into as contemplated by this Agreement, constitute the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersede all prior correspondence, agreements, negotiations, discussions and understandings, written or oral. Except as specifically set out in this Agreement, there are no representations, warranties, conditions

or other agreements or acknowledgements, whether direct or collateral, express or implied, written or oral, statutory or otherwise, that form part of or affect this Agreement or which induced any Party to enter into this Agreement. No reliance is placed on any representation, warranty, opinion, advice or assertion of fact made either prior to, concurrently with, or after entering into, this Agreement, or any amendment or supplement thereto, by any Party to this Agreement or its Representatives, to any other Party or its Representatives, except to the extent the representation, warranty, opinion, advice or assertion of fact has been reduced to writing and included as a term in this Agreement, and none of the Parties to this Agreement has been induced to enter into this Agreement or any amendment or supplement by reason of any such representation, warranty, opinion, advice or assertion of fact. There shall be no liability, either in tort or in contract, assessed in relation to the representation, warranty, opinion, advice or assertion of fact, except as contemplated in this Section.

7.6 Non-Merger.

Except as otherwise provided in this Agreement, the covenants, representations and warranties set out in this Agreement do not merge but survive Closing and, notwithstanding such Closing or any investigation by or on behalf of a Party, continue in full force and effect. Closing does not prejudice any right of one Party against another Party in respect of any remedy in connection with anything done or omitted to be done under this Agreement.

7.7 Time of Essence.

Time is of the essence of this Agreement.

7.8 Amendment.

Except as otherwise contemplated in this Agreement, no amendment, addition, deletion or other modification to this Agreement shall be effective unless in writing and signed by each Party.

7.9 Waiver of Rights.

Any waiver or consent shall be effective only in the instance and for the purpose for which it is given. A failure to enforce any breach of this Agreement by any Party does not constitute a waiver of such breach or any provision of this Agreement by such Party.

7.10 Jurisdiction.

Each Party irrevocably and unconditionally attorns to the exclusive jurisdiction of the courts of the Province of British Columbia.

7.11 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia, and the federal laws of Canada applicable therein, and each Party irrevocably attorns to the courts of the Province of British Columbia, which jurisdiction shall be the sole and exclusive jurisdiction for any disputes or claims in relation to this Agreement and all matters related hereto.

7.12 Notices.

All notices, requests, demands, claims, and other communications required or permitted hereunder (each, a “**Notice**”) shall be in writing and shall be delivered by (a) personal delivery, (b) certified or registered mail (first class postage pre-paid), (c) guaranteed overnight delivery by recognized national courier, or (d) by e-mail, addressed to the address for a Party indicated in the recitals hereto or in Schedule 2.2, as applicable (or to such other addresses which such Party shall subsequently designate by like notice to the other Parties).

Any Notice made or given by personal delivery, courier or email to the Party to whom it is addressed as provided above shall be deemed to have been given and received on the day it is so delivered at such address. If such day is not a Business Day, or if the Notice is received after 4:00 p.m. (Vancouver time), then the Notice shall be deemed to have been given and received on the next Business Day. Any Notice sent by prepaid registered mail shall be deemed to have been given and received on the fifth (5th) Business Day following the date of its mailing.

7.13 Assignment.

This Agreement may not be assigned, transferred or otherwise conveyed by any Party in whole or in part without the express prior written consent of the other Party.

7.14 Further Assurances.

The Parties shall at all times do, execute, acknowledge and deliver such acts, deeds, agreements and other instruments as may be reasonably necessary or desirable to give full force and effect to the terms of this Agreement.

7.15 Severability.

Any provision of this Agreement that is or becomes unenforceable shall be unenforceable to the extent of such unenforceability without invalidating the remaining provisions hereof. To the extent permitted by applicable law, each of the parties hereby waives any provision of law that renders any provision hereof unenforceable in any respect.

7.16 Successors.

This Agreement shall enure to the benefit of and be binding upon the Parties and their heirs, executors, administrators, personal representatives, respective successors and permitted assigns.

7.17 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile or electronic means shall be equally effective as delivery of a manually executed counterpart thereof.

7.18 No Contra Proferentem.

A provision of this Agreement must not be construed to the disadvantage of a Party merely because that Party was responsible for the preparation of the Agreement or the inclusion of the provision in the Agreement.

7.19 Independent Legal Advice. Each Party hereto acknowledges that:

- (a) it has had adequate opportunity to consult and has actually consulted independent legal counsel regarding the legal meaning and potential consequences of this Agreement, and of performing its obligations under the Agreement;
- (b) it has not been induced to enter into this Agreement by reason of coercion or undue influence; and
- (c) other than the Purchaser, it has not consulted or obtained legal advice from the law firm of Beadle Raven LLP with respect to this Agreement and it shall be estopped from contending otherwise; and
- (d) other than the Company, it has not consulted or obtained legal advice from the law firm of McMillan LLP, with respect to this Agreement and it shall be estopped from contending otherwise.

[Remainder of page left intentionally blank]

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

100 THX Inc.

By : *“100 THX Inc.”*

Authorized Signatory

“Marco Aiello”

Marco Aiello

“Glen Champion”

Glen Champion

“Chris Cooper”

Chris Cooper

“Elaine Cooper”

Elaine Cooper

“John Dykyj”

John Dykyj

“John Dzelme”

John Dzelme

“Fiona Hanson”

Fiona Hanson

“Arvinitis Homeric”

Arvinitis Homeric

“Danuta Jasinska”

Danuta Jasinska

“Marek Jasinski ”

Marek Jasinski

“Sebastian Jasinski ”

Sebastian Jasinski

“Thomas Jusdanis”

Thomas Jusdanis

“Gerald Kelly”

Gerald Kelly

“Akbar Khan”

Akbar Khan

“Dariusz Koper”

Dariusz Koper

“Robert Lekarczyk”

Robert Lekarczyk

“Paul Leslie”

Paul Leslie

“Craig Macintyre”

Craig Macintyre

“Greg Matzke”

Greg Matzke

“Peter Mudrovich”

Peter Mudrovich

“Bassam (Sam) Nastat”

Bassam (Sam) Nastat

**Vandelay Industries Sezc Cayman
Fiduciary Ltd.**

By : *“Vandelay Industries Sezc Cayman
Fiduciary Ltd.”*

Authorized Signatory

“Stana Radojevic”

Stana Radojevic

“George Gonzales Gaspar-Couto”

George Gonzales Gaspar-Couto

“Kevin Sturdy”

Kevin Sturdy

“Gianfranco Talarico”

Gianfranco Talarico

“Darlene Vilas Boas”

Darlene Vilas Boas

“Rick Wolanczyk”

Rick Wolanczyk

NAVCO PHARMACEUTICALS LIMITED

“Navco Pharmaceuticals Limited”

By: _____
Authorized Signatory

BMGB CAPITAL CORP.

“Lucas Birdsall”

By: _____
Authorized Signatory

SCHEDULE 2.2

ALLOCATION OF PURCHASE PRICE

Shareholder	Shareholder's Shares	Consideration Shares	Resale Restriction Legend
100 THX Inc. [address redacted]	1,170,000	1,877,278	(1)
Aiello, Marco [address redacted]	650,000	1,042,932	(1)
Champion, Glen [address redacted]	260,000	417,173	(1)
Cooper, Chris [address redacted]	1,002,000	1,607,720	(1)
Cooper, Elaine [address redacted]	933,333	1,497,543	(1)
Dykyj, John [address redacted]	3,500	5,616	(1)
Dzelme, John [address redacted]	4,000	6,418	(1)
Hanson, Fiona [address redacted]	400,000	641,805	(1)
Homeric , Arvinitis [address redacted]	3,500	5,616	(1)
Jasinska, Danuta [address redacted]	100,000	160,451	(1)
Jasinski, Marek [address redacted]	2,730,000	4,380,316	(1)
Jasinski, Sebastian [address redacted]	30,000	48,135	(1)
Jusdanis, Thomas [address redacted]	1,300,000	2,085,865	(1)
Kelly, Gerald [address redacted]	200,000	320,902	(1)
Khan, Akbar [address redacted]	325,000	521,466	(1)
Koper, Dariusz [address redacted]	6,000	9,627	(1)
Lekarczyk, Robert [address redacted]	2,000	3,209	(1)
Leslie, Paul [address redacted]	66,667	106,968	(1)
Macintyre, Craig [address redacted]	266,666	427,869	(1)
Matzke, Greg [address redacted]	3,000	4,814	(1)
Mudrovich, Peter [address redacted]	6,000	9,627	(1)

Nastat, Bassam (Sam) [address redacted]	1,200,000	1,925,414	(1)
Vandelay Industries Sezc [address redacted]	200,000	320,902	(1)
Radojevic, Stana [address redacted]	1,333,334	2,139,349	(1)
Gaspar-Couto, George Gonzales [address redacted]	50,000	80,226	(1)
Sturdy, Kevin [address redacted]	50,000	80,226	(1)
Talarico, Gianfranco [address redacted]	5,000	8,023	(1)
Vilas Boas, Darlene [address redacted]	600,000	962,707	(1)
Wolanczyk, Rick [address redacted]	400,000	641,805	(1)
TOTAL	13,300,000	21,340,002	

- (1) Unless permitted under securities legislation, the holder of this security must not trade the security before **[insert date that is 4 months and a day after Closing Day]**.