SHARE PURCHASE AGREEMENT

DATED October 31, 2020

AMONG:

EASTSIDE GAMES INC., a British Columbia corporation with an office at 550 - 555 West 12th Avenue, Vancouver, British Columbia, V5Z 3X7

(the "**Company**")

AND:

LEAF MOBILE INC., a British Columbia corporation with an office at 2080 - 1055 West Georgia Street, Vancouver, British Columbia V6E 3R5

(the "**Purchaser**")

AND:

BAILEY RANSEN FAMILY TRUST NO. 1 ("**BRFT**"), Galan Akin, Joshua Nilson, and the other undersigned securityholders of the Company

(together with any person that becomes a shareholder of the Company prior to Closing, collectively the "**Vendors**" and individually a "**Vendor**")

WHEREAS:

A. the Vendors are collectively the legal and beneficial owners of all of the issued and outstanding securities (the "**Company Securities**") in the capital of the Company;

B. the Vendors have agreed to sell to the Purchaser, all of the Company Securities subject to the terms and conditions contained herein;

NOW THEREFORE in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by all parties, the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 **Defined Terms**. As used in this Agreement, the following terms have the following meanings:

(a) "Accounts Receivable" means all accounts receivables, notes receivables and other debts due or accruing due to the Company.

(b) "Actual Closing Time Cash" means Cash as of the Closing Time.

(c) "Actual Closing Time Indebtedness" means the Indebtedness of the Company as of the Closing Time.

(d) "Actual Closing Time Transaction Expenses" means the Transaction Expenses as of the Closing Time.

(e) "Actual Effective Time Working Capital" means the Working Capital as of the Closing time.

(f) "Affiliate" means, with respect to a person, any other person that directly or indirectly controls, is controlled by or is under common control with such person, and "control" means the possession, directly or indirectly, of the power to direct, or cause the direction of, the management and policies of a person, whether through the ownership of voting securities, by agreement or otherwise.

(g) "Agreement" means this share purchase agreement.

(h) "Annual Financial Statements" means the audited financial statements of the Company for its 2017, 2018 and 2019 fiscal years together with the auditors' report thereon.

(i) "Assets" means all property and assets of the Company of every nature and kind and wheresoever situated.

(j) "Authorization" means, with respect to any person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the person.

(k) "Books and Records" means all information in any form of the Company, including books of account, financial, tax, business, marketing, personnel and research information and records, equipment logs, operating guides and manuals and all other documents, files, correspondence and other information.

(l) "Business" means the business currently carried on by the Company, which involves the development and publishing of mobile video games.

(m) "Business Day" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Vancouver, British Columbia.

(n) "Cash" means the aggregate amount of cash and cash equivalents (including bank account balances, marketable securities and short term investments to the extent convertible into Cash within 30 days) of the Company, net of (i) any outstanding cheques of the Company and (ii) any Restricted Cash;

(o) "Closing" means the completion of the transactions contemplated under this Agreement.

(p) "Closing Date" means the date on which Closing occurs.

(q) "Closing Statement" has the meaning contemplated in Sections 2.7(d) and (e).

(r) "Closing Time" means 11:59 PM (Vancouver time) on the Closing Date.

(s) "Collective Agreement" means collective agreements and related documents including benefit agreements, letters of understanding, letters of intent and other written communications (including arbitration awards) by which the Company is bound.

(t) "Company" has the meaning specified in the preamble.

(u) "Company Securities" has the meaning specified in the preamble.

(v) "Company Software" has the meaning specified in Section 3.20(b).

(w) "Corporate Records" has the meaning specified in Section 3.6.

(x) "Damages" means any losses, liabilities, Taxes, damages or out-of-pocket expenses (including reasonable legal fees and expenses) whether resulting from an action, suit, proceeding, arbitration, claim, settlement, award, judgment, fine, penalty, assessment or demand that is instituted or asserted by a third party, including a Governmental Entity, or a cause, matter, thing, act, omission or state of facts not involving a third party.

(y) "Deductible" has the meaning specified in Section 9.4.

(z) "Disabling Code" has the meaning specified in Section 3.20(a).

(aa) "Disclosure Letter" means the disclosure letter dated the date of this Agreement and delivered by the Company and Vendors' Representative to the Purchaser with this Agreement.

(bb) "Draft Closing Statement" has the meaning specified in Section 2.7(a).

(cc) "Employee Plans" means all employee benefit, fringe benefit, supplemental unemployment benefit, severance pay, salary continuation, bonus, incentive, profit sharing or deferred compensation, termination, change of control, pension, retirement, savings, stock option, stock purchase, stock appreciation, equity-based, health, welfare, medical, dental, disability, life insurance and similar plans, contracts, programmes, funds, arrangements or practices and any trust, escrow or similar agreement related thereto, whether or not funded, relating to any current or former employees, officers, directors, shareholders, consultants or independent contractors of the Company maintained, sponsored, contributed to or funded by the Company or under which the Company may have any liability contingent or otherwise.

(dd) "Employment Contracts" means agreements, other than Employee Plans, relating to any of the employees of the Company.

(ee) "Encumbrance" means any mortgage, charge, pledge, hypothec, security interest, assignment, lien (statutory or otherwise), easement, servitude, title retention agreement or arrangement, conditional sale, deemed or statutory trust, restrictive covenant or other encumbrance of any similar nature.

(ff) "Entitlement Schedule" means Section 1.1(ff) of the Disclosure Letter, setting forth the entitlement of each Vendor to a portion of the Purchase Price in exchange for their Company Securities, pursuant to this Agreement.

(gg) "Escrow Account" and "Escrow" have the meanings set out in Section 2.3(a).

(hh) "Escrow Agent" means the escrow agent mutually chosen by the Vendors' Representative and the Purchaser to hold the Escrow.

(ii) "Escrow Agreement" means the escrow agreement to be entered into at Closing by and among the Purchaser, the Vendors and the Escrow Agent in connection with the Escrow, in a form mutually agreeable by such parties acting reasonably.

(jj) "Estimated Closing Statement" has the meaning specified in Section 2.6(a).

(kk) "Estimated Closing Time Cash" has the meaning specified in Section 2.6(a)(iv).

(ll) "Estimated Closing Time Indebtedness" has the meaning specified in Section 2.6(a)(ii).

(mm) "Estimated Closing Time Transaction Expenses" has the meaning specified in Section 2.6(a)(iii).

(nn) "Estimated Closing Time Working Capital" has the meaning specified in Section 2.6(a)(iv).

(oo) "Estimated Purchase Price" means (i) $150,000,000; plus (ii) the Estimated Closing Time Cash; plus (iii) the Estimated Closing Time Working Capital; minus (iv) the Estimated Closing Time Transaction Expenses; minus (v) the Estimated Closing Time Indebtedness.

(pp) "Exclusivity Period" means the period ending on the earlier of (i) the Closing Date or (ii) the date that this Agreement is validly terminated in accordance with its terms.

(qq) "Financial Statements" means (i) the Annual Financial Statements and (ii) the Interim Financial Statements.

(rr) "GAAP" means generally accepted accounting principles including the International Financial Reporting Standards (IFRS).

(ss) "Governmental Entity" means: (i) any governmental or public department, central bank, court, minister, governor-in-counsel, cabinet, commission, tribunal, board, bureau, agency, commissioner or instrumentality, whether international, multinational, national, federal, provincial, state, territory, municipal, local or other; (ii) any subdivision or authority of any of the above; (iii) any stock exchange; and (iv) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

(tt) "Indebtedness" means (i) any liability, indebtedness or other obligations for borrowed money (including bank loans, lines of credit and loans or notes or similar instruments from related parties, shareholders or Affiliates), or evidenced by an instrument for the payment of money; (ii) all liabilities or obligations created or arising under any conditional sale, holdback or the deferred purchase price of any property, services, goods, equity or assets (including securities) in respect of which the Company is liable, contingently or otherwise (including any "earnouts", indemnities and "seller notes", in each case valued at the maximum amount payable); (iii) capital or finance lease obligations in the Financial Statements or as required to be capitalized as a capital or finance lease in accordance with GAAP; or any other obligation that meets the definition of a "liability" in accordance with GAAP; (iv) any obligations under exchange rate contracts, interest rate protection agreements, currency swap, forward or other hedging or derivatives arrangements, including all breakage costs or fees; (v) any obligations to reimburse the issuer of any letter of credit (where the issuer has made payment on such letter of credit), surety bond, performance bond or other guarantee of contractual performance, in each case to the extent drawn; (vi) any declared but unpaid dividends or distributions; (vii) any other indebtedness or obligation reflected or required to be reflected as indebtedness on the Company's balance sheets; (viii) deferred compensation arrangements; (ix) any indebtedness of a person of a type that is referred to in clauses (i) through (viii) above and which is either guaranteed by, or secured by an Encumbrance upon any property or asset owned by the Company; (x) any amounts owed to Affiliates; (xi) any payments, fines, fees, penalties, premiums, interest, expenses or other amounts applicable to or otherwise incurred in connection with, or as a result of any prepayment or early satisfaction or termination of, any obligation described in clauses (i) through (ix) above, including all breakage costs and fees; (xii) any other intercompany and related party payables including declared but unpaid dividends; (xiii) unpaid or accrued income tax obligations of the Company; (xiv) any obligation secured by an Encumbrance on any property of the Company, (xv) any indebtedness incurred in connection with any COVID 19 stimulus legislation, and (xvi) any items listed on Section 1.1(uu) of the Disclosure Letter. For greater clarity, Indebtedness does not include liabilities or obligations arising with respect to Transaction Expenses.

(uu) "Indemnity Escrow Account" and "Indemnity Escrow" have the meanings specified in Section 2.3(a).

(vv) "Indemnity Escrow Amount" means $5,000,000.

(ww) "Intellectual Property" means domestic and foreign: (i) patents, provisional patent applications, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) designs, design registrations, design registration applications; (v) trade names, business names, corporate names, domain name registrations, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; and (vi) any other intellectual property and industrial property.

(xx) "Interim Balance Sheet Date" means June 30, 2020.

(yy) "Interim Financial Statements" means the unaudited financial statements of each of the Company as at June 30, 2020 for the six-month period then ended.

(zz) "LDRLY" means LDRLY (Technologies) Inc.

(aaa) "Leased Properties" means the lands and premises listed and described in Section 3.14 of the Disclosure Letter by reference to their municipal address.

(bbb) "Leases" means all oral and written leases and all amendments, extensions, assignments and variations thereof or any guarantee or security agreements therefor, of the properties leased by the Company.

(ccc) "Management Shareholder" means, collectively, BRFT, Galan Akin and Joshua Nilson;

(ddd) "Material Adverse Change" means any change, occurrence, circumstance, event, state of facts or effect that, when considered either individually or in the aggregate, (x) is, or would reasonably be expected to be, material and adverse to the business, operations, assets, liabilities or financial condition of the Company, taken as a whole, except to the extent that the material adverse effect results from or is caused by: (i) general economic, political or regulatory conditions or events in any of the geographical areas in which the Company operates; (ii) any change in the financial, banking, credit, debt, currency or capital markets in general, including changes in interest rates; (iii) conditions generally affecting any industry (or any segment thereof) or any market in which the Company operates; (iv) acts of God, natural disasters, pandemics (including but not limited to COVID-19), epidemics, national or international political or social conditions, including the engagement in hostilities, whether commenced before or after the date hereof, and whether or not pursuant to the declaration of a national emergency or war (including any escalation or worsening of war), or the occurrence of any military or terrorist attack or other force majeure event; or (v) any changes from and after the date of this Agreement in applicable laws, or accounting rules or principles including, for greater certainty, changes in GAAP; provided, that with respect to clauses (i) through (v), the exclusion shall not apply to the extent such matter has a materially disproportionate effect on the Company relative to other comparable persons operating in the markets and/or industries in which the Company operates; or (y) has prevented or materially impaired, or would reasonably be expected to prevent or materially impair, the ability of the Company or the Vendor to consummate the transactions contemplated by this Agreement, excepting with respect to any change, occurrence, circumstance, event, state of facts or effect arising with respect to the COVID-19 pandemic having an effect on markets, industries or society generally.

(eee) "Material Contracts" has the meaning specified in Section 3.15.

(fff) "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

(fff.1) "Offering" means a debt or equity financing undertaken by the Company for gross proceeds of $54 million or such other amount as the Purchaser and the Vendors' Representative may mutually agree upon.

(ggg) "Ordinary Course" means, with respect to an action taken by the Company, that such action is consistent with the past practices of the Company and is taken in the ordinary course of the normal day-to-day operations of the business of the Company.

(hhh) "Outside Date" has the meaning specified in Section 8.1(a)(iv).

(iii) "Payoff Letters" means the payoff of the Actual Closing Time Indebtedness listed in Section 1.1(hhh) of the Disclosure Letter, which payoff letters shall be provided by the Company in Indebtedness, which payoff letters shall be provided by the Company in form and substance satisfactory to the Purchaser acting reasonably, that (i) specifies the aggregate amount required to be paid to fully satisfy such Actual Closing Time Indebtedness (including principal, interest, fees, expenses, premiums, penalties and other amounts payable) and (ii) provides for the full release and termination of (A) any guarantees provided by the Company of such Actual Closing Time Indebtedness and (B) any and all Encumbrances and other security interests in the properties and assets of the Company securing such Actual Closing Time Indebtedness.

(jjj) "Permitted Encumbrances" means (i) Encumbrances for Taxes not yet due and payable, (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 use or marketability of any real property, and (iii) Encumbrances listed and described in Section 1.1(iii) of the Disclosure Letter but only to the extent such Encumbrances conform to their description in Section 1.1(iii) of the Disclosure Letter.

(kkk) "Pre-Closing Taxes" means any liability arising out of, related to or resulting from or with respect to Taxes attributable to any Pre-Closing Tax Period (including the Pre-Closing Tax Period portion of any Straddle Period) of or with respect to the Company. For purposes of determining Pre-Closing Taxes in respect of a Straddle Period, Taxes shall be allocated in accordance with Section 10.2.

(lll) "Pre-Closing Tax Period" means any Tax or fiscal period ending on (and including), or before, the Closing Date.

(mmm) "Publicly Available Software" means (a) any Software that contains, or is derived in any manner (in whole or in part) from, any Software that is distributed as "free software" or "open source software" (e.g. Linux), or pursuant to "open source," "copyleft" or similar licensing and distribution models; and (b) any Software that requires as a condition of use, modification, and/or distribution of such Software that such Software or other Software incorporated into, derived from, or distributed with such Software (i) be disclosed or distributed in source code form; (ii) be licensed for the purpose of making derivative works; or (iii) be redistributable at no or minimal charge.

(nnn) "Purchase Price" means (i) $150,000,000; plus (ii) the Actual Closing Time Cash; plus (iii) the Actual Closing Time Working Capital; minus (iv) the Actual Closing Time Transaction Expenses; minus (v) the Actual Closing Time Indebtedness.

(ooo) "Purchase Price Adjustment Escrow Account" and "Purchase Price Adjustment Escrow" have the meaning specified in Section 2.3(a).

(ppp) "Purchase Price Adjustment Escrow Amount" means $1,000,000.

(qqq) "Purchaser" has the meaning specified in the preamble.

(rrr) "Purchaser Adjustment" has the meaning specified in Section 2.8(c).

(sss) "Purchaser Circular" means the notice of the special shareholders meeting of the Purchaser to be held with respect to the approval of the transactions contemplated hereunder, and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to the Purchaser's shareholders in connection with such meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

(ttt) "Purchaser Shares" means the common shares of the Purchaser as presently constituted.

(uuu) "Related Party" means the former, current and future directors, officers, employees, members, managers, equityholders, agents, partners, representatives, controlling persons, agents, advisors and successors and permitted assigns.

(vvv) "Restricted Cash" means any cash or cash equivalents which is not freely usable because it is subject to restrictions, limitations or taxes on use or distribution by law, contract or otherwise, including without limitation, restrictions on dividends and repatriations or any other form of restriction.

(www) "Software" means computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs.

(xxx) "SRED" means the Scientific Research and Experimental Development tax incentive program.

(yyy) "Straddle Period" means any Tax or fiscal period that begins on or before and ends after the Closing Date.

(zzz) "Tax Act" means the *Income Tax Act* (Canada).

(aaaa) "Tax Assets" means a Tax credit or refund (including without limitation arising from a SRED claim) received by or in relation to the Company relating to a Pre-Closing Tax Period, to the extent only that such Tax Asset has not already been adjusted for under any other provision of this Agreement, and net of (i) any costs incurred by the Purchaser or the Company in connection with the recovery of such credit or refund, and (b) any Taxes incurred in respect of such credit or refund, to the extent any such amounts were not included in the Closing Statements.

(bbbb) "Tax Returns" means any and all returns, reports, declarations, elections and claims for refund, filed or required to be filed in respect of Taxes, including any attachment thereto and any amendment thereof.

(cccc) "Taxes" means: (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether disputed or not, including income, gross receipts, branch profits, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, escheat, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, ad valorem, value added, alternative or add-on minimum or estimated taxes; and (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii).

(dddd) "Third Party Licenses" has the meaning specified in Section 3.19(c).

(eeee) "Transaction Expenses" means, without duplication: (i) the aggregate out-of-pocket fees and expenses not paid prior to the Closing Time, incurred by the Company, the Vendor or their respective Affiliates of investment bankers, legal counsel, accountants, consultants and other advisors (including any fees and expenses related to brokerage, commissions, finders or financial advisors) in connection with the transactions contemplated by this Agreement, and the consummation of the transactions contemplated hereby, and (ii) 50% of the fees and expenses of the Escrow Agent in connection with the Escrow Agreement.

(ffff) "Vendor" and "Vendors" has the meaning specified in the preamble.

(gggg) “Vendors’ Representative” shall be Jason Bailey.

(hhhh) "Working Capital" means the amount by which the aggregate current assets of the Company (which, for greater certainty, includes Accounts Receivable and Tax Assets, but does not include Cash) exceeds the aggregate current liabilities of the Company (excluding Indebtedness and Transaction Expenses).

1.2 **Certain Rules of Interpretation**. In this Agreement, unless otherwise specified:

(a) Headings, etc. The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement.

(b) Currency. All references to dollars or to $ are references to Canadian dollars.

(c) Gender and Number. Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(d) Certain Phrases and References, etc. The words "including", "includes" and "include" mean "including (or includes or include) without limitation", and "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of". Unless stated otherwise, "Article", "Section", and "Schedule" followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Agreement. The term "Agreement" and any reference in this Agreement to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other agreement or document as it may have been, or may from time to time be, amended, restated, replaced, supplemented or novated and includes all schedules to it. The term "made available" means copies of the subject materials were provided to the Purchaser.

(e) Capitalized Terms. All capitalized terms used in any Schedule or in the Disclosure Letter have the meanings ascribed to them in this Agreement.

(f) Knowledge and "threatened". Where any representation or warranty is expressly qualified by reference to the knowledge of the Management Shareholders, it is deemed to refer to the knowledge of the Management Shareholders after reasonable inquiry. Where any representation or warranty is expressly qualified by reference to the word "threatened", it means threatened to the actual knowledge of the Management Shareholders.

(g) Accounting Terms. All accounting terms are to be interpreted in accordance with GAAP and all determinations of an accounting nature in respect of the Company required to be made shall be made in a manner consistent with GAAP.

(h) Statutes. Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

(i) Schedules. The schedules attached to this Agreement and the Disclosure Letter form an integral part of this Agreement for all purposes of it. The Disclosure Letter itself and all information contained in it is confidential information and may not be disclosed unless: (i) it is required to be disclosed pursuant to applicable law or (ii) a party needs to disclose it in order to enforce or exercise its rights under this Agreement or to a lender or financier.

1.3 **Vendors' Representative**.

(a) In order to administer efficiently the determination of certain matters under this Agreement, each of the Vendors hereby severally and irrevocable appoints the Vendors' Representative as its representative, agent, proxy and attorney-in-fact, such designation and appointment being coupled with an interest, with full power of substitution, to take any action that is required under the Agreement to effectuate Closing or to execute and deliver any documents on their behalf, including without limitation, for the purposes of all Closing matters and deliveries of documents and do and cause to be done all such acts and things as may be necessary or desirable in connection with this Agreement. Without limiting the generality of the foregoing, Vendors' Representative may, on its own behalf and on behalf of the Vendors:

(i) negotiate, settle and deliver the final forms of any documents that are necessary or desirable to give effect to the Transaction;

(ii) give and receive all notices and communications on behalf of such Vendor in connection with this Agreement and the Escrow Agreement;

(iii) direct the Escrow Agent and all other persons on behalf of such Vendor regarding the payment of all amounts payable to such Vendor under this Agreement and the Escrow Agreement;

(iv) make all decisions and take all actions relating to the respective rights, obligations and remedies of such Vendor under this Agreement and the Escrow Agreement, including to receive and send notices, to receive and deliver documents, to exercise, enforce or waive rights or conditions, to give releases and discharges, to seek indemnification on behalf of such Vendor, to defend against indemnification claims of the Purchaser, and to negotiate, agree to, enter into settlements and compromises of, and comply with orders and awards of courts with respect to claims against such Vendor;

(v) amend, supplement or change this Agreement and the Escrow Agreement, or waive any provision hereof, including, without limitation, extending any time periods as may be contemplated herein, such as the Closing Date, or terminating this Agreement; provided, that such amendment, supplement, change or waiver applies to all Vendors, on a pro rata basis in proportion to their respective Company Securities' holdings;

(vi) receive service of process on behalf of such Vendor in connection with any claims under this Agreement and the Escrow Arrangement; and

(vii) take all actions as are necessary or appropriate in judgement of the Vendors' Representative in connection with any of the foregoing, including retaining such counsel, accountants and other professional advisors as he reasonably deems necessary to assist him in the performance of his duties hereunder,

all in Vendors' Representative's absolute discretion, as it deems appropriate.

(b) The Purchaser may rely upon any decision, act, consent or instruction of the Vendors' Representative as being the decision, act, consent or instruction of each Vendor. The Purchaser is hereby relieved from any liability to any Vendor for any acts taken by the Purchaser in accordance with such decision, act, consent or instruction of the Vendors' Representative.

(c) The Vendors' Representative shall be protected in acting upon any written notice, request, waiver, consent, certificate, receipt, statutory declaration or other paper or document furnished to him hereunder, not only as to its due execution, and the validity and effectiveness of its provisions, but also as to the truth and acceptability of any information therein contained therein which the Vendors' Representative in good faith believes to be genuine and what it purports to be.

(d) The Vendors will severally (and not jointly, or jointly and severally), on a pro rata basis in proportion to their respective entitlements pursuant to the Entitlement Schedule, defend, indemnify and hold harmless the Vendors' Representative from and against all claims, judgments, damages, liabilities, settlements, losses, costs and expenses, including legal fees, disbursements and charges, arising from or relating to the Vendors' Representative performance of its obligations hereunder, except with respect to claims relating to the fraudulent action or intentional misrepresentation of the Vendors' Representative.

ARTICLE 2
PURCHASE AND SALE

2.1 **Purchase and Sale**. Based on the representations and warranties set forth herein, the Purchaser hereby agrees to purchase the Company Securities from the Vendors, subject to the terms and conditions set forth in this Agreement, and the Vendors hereby agree to sell and transfer the Company Securities to the Purchaser free and clear of any and all Encumbrances.

2.2 **Purchase Price**. In consideration for the acquisition of the Company Securities, the Purchaser shall pay to the Vendors the Purchase Price, subject to adjustment as set forth in this Agreement.

2.3 **Closing Payments**. At the Closing, the Purchaser will pay or cause to be paid:

(a) (i) as to the Indemnity Escrow Amount, by the Purchaser paying such amount to or to the order of the Escrow Agent, in trust, for deposit in an escrow account (the "**Indemnity Escrow Account**" or "**Indemnity Escrow**") to be held in escrow pursuant to Article 10 and the Escrow Agreement; and (ii) as to the Purchase Price Escrow Amount, by the Purchaser paying such amount to or to the order of the Escrow Agent, in trust, for deposit in an escrow account (the "**Purchase Price Adjustment Escrow Account**" or "**Purchase Price Adjustment Escrow**")(the Indemnity Escrow Account and Purchase Price Adjustment Escrow Account collectively referred herein as the "**Escrow Account**" or "**Escrow**") to be held in escrow pursuant to Article 11 and the Escrow Agreement;

(b) An amount equal to:

(i) Fifty Million ($50,000,000) Dollars; <u>plus</u>

(ii) the Estimated Closing Time Cash; <u>plus</u>

(iii) the Estimated Closing Time Working Capital; <u>minus</u>

(iv) the Estimated Closing Time Indebtedness; <u>minus</u>

(v) the Estimated Closing Time Transaction Expenses; <u>minus</u>

(vi) the sum of the Indemnity Escrow Amount and the Purchase Price Adjustment Escrow Amount;

by the Purchaser paying such net amount to solicitors chosen by the Vendors (the "**Vendors' Solicitors**"), in trust, unless the parties otherwise agree in writing with respect to some of the amounts payable under this Section 2.3(b) as part of the funds flow at the Closing;

(c) An amount equal to the amounts set forth in the Payoff Letters to the persons owed any portion thereof in accordance with the Payoff Letters delivered pursuant to Section 7.1(f)(viii); and

(d) In full satisfaction of the balance of the Purchase Price, the Purchaser shall issue to the Vendors that number of Purchaser Shares that is equal in number to the sum of (i) the number of Purchaser Shares issued and outstanding at Closing plus (ii) the number of Purchaser Shares issued or issuable upon conversion or exercise of securities sold under the Offering, calculated on a fully-diluted basis, irrespective of the aggregate value of such Purchaser Shares. Notwithstanding the foregoing, in the event that the amount described in Section 2.3(b) is reduced to below nil (such amount below nil being the "**Shortfall**"), then the number of Purchaser Shares issuable under this Section 2.3(d) shall be reduced by that number of Purchaser Shares that is equivalent in value to the Shortfall.

2.4 **Transactions to be Effected at the Closing**.

(a) At the closing, Purchaser will deliver to the Vendors:

(i) payment of the amount as described in Section 2.3(b);

(ii) evidence in a form satisfactory to the Vendors, acting reasonably, of issuance of the Purchaser Shares in accordance with Section 2.3(d) herein;

(iii) evidence in a form satisfactory to the Vendors, acting reasonably, that the board of directors of Purchaser has approved the transactions contemplated by this Agreement; and

(iv) all other agreements, documents, instruments or certificates required to be delivered by the Purchaser under Article 7 or elsewhere in this Agreement.

(b) At the Closing, the Vendors will deliver to Purchaser:

(i) certificates representing the Company Securities, free and clear of all Encumbrances, duly endorsed in blank or accompanied by share transfers or other instruments of transfer duly executed in blank;

(ii) resignations of all directors and officers of the Company, excepting Jason Bailey and Joshua Nilson, if and as directed by the Purchaser; and

(iii) all other agreements, documents, instruments or certificates required to be delivered by the Vendors at the Closing under Article 7 or elsewhere in this Agreement.

2.5 **Special Covenants**.

(a) The parties agree that, to the best of their knowledge, the consideration set forth in the joint election hereinafter referred to will represent the fair market value of the Company Securities at the date of disposition.

(b) The parties hereto further agree to make a joint election pursuant to Subsection 85(1) of the Tax Act, and that the amount the Vendors and the Purchaser will agree upon in the election in respect of the Company Securities is an amount which is not less than each Vendor's respective "Cost Amount" (as defined in subsection 248(1) of the Tax Act), and not more than the fair market value of the Shares, and shall be deemed to be the Vendor's respective proceeds of disposition and the Purchaser's cost of the Company Securities.

(c) The parties agree to complete and file within the time limit specified in Section 85(6) of the Tax Act, the election under subsection 85(1) of the Tax Act in respect of the Company Securities disposed pursuant to this Agreement.

2.6 **Estimated Closing Statement**.

(a) Not later than five (5) Business Days prior to the Closing, the Company shall prepare in good faith and deliver to the Purchaser and the Vendors' Representative, together with reasonable supporting or underlying documentation used in the preparation thereof, a written statement estimating (the "**Estimated Closing Statement**"):

(i) the aggregate Indebtedness of the Company as of the Closing Time (the "**Estimated Closing Time Indebtedness**");

(ii) the aggregate Transaction Expenses as of the Closing Time (the "**Estimated Closing Time Transaction Expenses**");

(iii) the aggregate Cash as of the Effective Time (the "**Estimated Closing Time Cash**");

(iv) the Working Capital as of the Effective Time (the "**Estimated Closing Time Working Capital**").

For the purposes of determining the Estimated Closing Time Cash, the Estimated Closing Time Indebtedness, the Estimated Closing Time Transaction Expenses and Estimated Closing Time Working Capital pursuant to this Section 2.6(a), any amounts denominated in any currency other than Canadian dollars shall be converted to Canadian dollars using the applicable daily average foreign exchange rate available from the Bank of Canada as of 4:30 p.m., or, if not available, quoted in the Wall Street Journal, in each case, as of and on the day prior to the Business Day the Estimated Closing Statement is delivered to the Purchaser.

(b) The Company shall provide reasonably prompt access, upon every reasonable request, to the Purchaser and its advisors, to all work papers of the Company and its respective accountants and auditors (if any, and subject to the Purchaser executing a customary waiver of any rights against such accountants or auditors), accounting and other pertinent books and records and the appropriate personnel to verify the accuracy, presentation and other matters relating to the preparation of the Estimated Closing Statement. To the extent that the Purchaser disagrees with the Estimated Closing Statement or any amounts set forth therein, (i) the Purchaser shall be allowed to review and comment on the Estimated Closing Statement, (ii) the Company shall consider those comments in good faith, and (iii) the Company shall make any changes to the Estimated Closing Statement that are so agreed upon by the Parties. The Estimated Closing Statement shall be revised by the Company to reflect any such resolution.

(c) To the extent that the Purchaser disagrees with the Estimated Closing Statement or any amounts set forth therein and the Purchaser and the Vendors'

Representative are not able to resolve such differences prior to the Effective Date:

(i) if the Estimated Closing Statement reflects an upwards adjustment to the Estimated Purchase Price such that the cash amount payable under Section 2.3(b) is, in the aggregate, greater than $65,000,000, then the Purchaser shall pay an amount of $50,000,000 under Section 2.3(b) only, and the parties shall resolve any disagreements with respect to upwards or downwards adjustments for Actual Closing Time Cash, Actual Closing Time Indebtedness and Actual Closing Time Transaction Expenses pursuant to Section 2.7 instead; or

(ii) in all other circumstances, the Estimated Closing Statement shall remain as delivered by the Company to Purchaser, subject, without prejudice, to Purchaser’s right to dispute the amounts reflected in the Estimated Closing Statement through its Draft Closing Statement under Section 2.7. For the avoidance of doubt, the failure of the Purchaser to comment on or dispute any item set forth in the Estimated Closing Statement shall in no event be deemed to restrict, limit or otherwise affect the calculation of any items in the Draft Closing Statement.

2.7 **Preparation of Draft Closing Statement**.

(a) Within 120 days following the Closing Date (or such other date as is mutually agreed to by the Vendors and the Purchaser in writing), the Purchaser shall prepare and deliver to Vendors' Representative, receiving on behalf of all Vendors, a written statement prepared in good faith (the "**Draft Closing Statement**"), setting forth

(i) the Actual Closing Time Indebtedness;

(ii) the Actual Closing Time Transaction Expenses;

(iii) the Actual Closing Time Cash; and

(iv) The Actual Closing Time Working Capital.

For the purposes of determining the amounts set forth in the Draft Closing Statement, any amounts denominated in any currency other than Canadian dollars shall be converted to Canadian dollars using the applicable daily average foreign exchange rate available from the Bank of Canada as of 4:30 p.m., or, if not available, quoted in the Wall Street Journal, in each case, on the Closing Date.

(b) The Vendors' Representative, on behalf of all Vendors, shall have twenty (20) Business Days to review the Draft Closing Statement following receipt of it and Vendors' Representative must notify the Purchaser in writing if it has any objections to the Draft Closing Statement within such twenty (20) Business Day period, which notice must contain a statement of the basis of each of the objections and each amount in dispute. The Purchaser shall provide access, upon every reasonable request, to Vendors' Representative and his advisors, to all work papers of the Purchaser, accounting books and records and the appropriate personnel to verify the accuracy, presentation and other matters relating to the preparation of the Draft Closing Statement, subject to execution and delivery by Vendors' Representative , on behalf of himself and all Vendors, and his respective advisors of any agreement or other document, including any release, waiver or indemnity that the Purchaser's auditors require prior to providing such access.

(c) If the Vendors' Representative sends a notice of objection of the Draft Closing Statement in accordance with Section 2.7(b), the Parties shall promptly meet to try to resolve such objections within twenty (20) Business Days following receipt of the notice. Failing resolution of any objection to the Draft Closing Statement raised by the Vendors' Representative, only the items and amount(s) in dispute will be submitted for determination to an independent firm of chartered accountants mutually agreed to by the Vendors' Representative and the Purchaser (and, failing such agreement between the Vendors' Representative and the Purchaser within a further period of five (5) Business Days, such independent firm of chartered accountants to be mutually agreed upon by the parties). The independent firm of chartered accountants shall identify a member at its Vancouver office to act in such mandate and shall determine the procedures applicable to the resolution of the amounts in dispute with the primary purposes of minimizing expenses of the parties and expediting the accurate resolution of the dispute. The determination of such firm of chartered accountants of the amount(s) in dispute and any corresponding changes flowing from the resolution of such amounts in dispute will be final and binding upon the parties and will not be subject to appeal, absent manifest error. Such firm of chartered accountants are deemed to be acting as experts and not as arbitrators. Notwithstanding the foregoing, the determination of such firm of chartered accountants of the amount(s) in dispute shall in no event be more favourable to the Purchaser than reflected in the Draft Closing Statement delivered by the Purchaser or more favourable to the Vendors than shown in the proposed changes to the Draft Closing Statement delivered by the Vendors' Representative under its notice of objection pursuant to Section 2.7(b). During the review by the firm of chartered accountants, the Purchaser and the Vendors' Representative shall each make available to such firm of chartered accountants, such individuals and such information, facilities, books, records and work papers as may be reasonably required by the firm of chartered accountants to fulfill their obligations hereunder during normal business hours (such access not to unreasonably disrupt the operations of the Purchaser).

(d) If the Vendors' Representative does not notify the Purchaser of any objection within the twenty (20) Business Day period, the Vendors shall each be deemed to have accepted and approved the Draft Closing Statement and such Draft Closing Statement will be final, conclusive and binding upon the parties, absent manifest error and will become the "Closing Statement" on the next Business Day following the end of such twenty (20) Business Day period.

(e) If the Vendors' Representative sends a notice of objection in accordance with Section 2.7(b), the parties shall revise the Draft Closing Statement to reflect the final resolution or final determination of such objections under Section 2.7(c) within five (5) Business Days following such final resolution or determination. Such revised Draft Closing Statement will be final, conclusive and binding upon the parties, absent manifest error. The Draft Closing Statement will become the

"Closing Statement" on the next Business Day following revision of the Draft Closing Statement under this Section 2.7(e).

(f) The Vendors and the Purchaser shall each bear their own fees and expenses, including the fees and expenses of their respective auditors, in preparing or reviewing, as the case may be, the Draft Closing Statement. In the case of a dispute and the retention of a firm of chartered accountants to determine such amount(s) in dispute, the costs and expenses of such firm of chartered accountants will be borne by the Vendors and the Purchasers in such proportions as the positions taken by the Vendors and the Purchaser are unsuccessful when compared to the Closing Statement, unless such chartered accountants determine that the Estimated Purchase Price varies from the actual Purchase Price (as confirmed by the Closing Statements finalized pursuant to Section 2.7(d) or (e)) by more than 10%, in which event (i) the Purchaser shall be solely responsible for such costs and expenses if the actual Purchase Price is determined by such chartered accounts to be 10% more than the Estimated Purchase Price, or (ii) the Vendors shall be solely responsible for such costs and expenses if the actual Purchase Price is determined by such chartered accountants to be 10% less than the Estimated Purchase Price. However, in all events, the Vendors and the Purchaser shall each bear their own costs in presenting their respective cases to such firm of chartered accountants.

(g) The parties agree that the procedure set forth in this Section 2.7 for resolving disputes with respect to the Draft Closing Statement is the sole and exclusive method of resolving such disputes, absent manifest error. This Section 2.7 will not prohibit any party from instigating litigation to compel specific performance of this Section 2.7 or to enforce the determination of the independent firm of chartered accountants.

2.8 **Post-Closing Adjustment**.

(a) The Estimated Purchase Price will be decreased or increased, as applicable, dollar-for-dollar, to the extent that the Actual Closing Time Cash, Actual Closing Time Indebtedness, and Actual Closing Time Transaction Expenses, in each case as determined from the Closing Statement, is less than or greater than, respectively, Estimated Closing Time Cash, the Estimated Closing Time Indebtedness, and the Estimated Closing Time Transaction Expenses, in each case as determined from the Estimated Closing Statement, as applicable.

(b) If the Purchase Price is equal to or greater than the Estimated Purchase Price based on the foregoing, (a) the Purchaser will pay such difference (if any) to the Vendors' Solicitors by wire transfer of immediately available funds within 10 Business Days after the Draft Closing Statement becomes the Closing Statement in accordance with Section 2.6(d) or Section 2.6(e), as the case may be, and (b) the Purchaser and the Vendor will jointly instruct the Escrow Agent to pay the amount in the Purchase Price Adjustment Escrow Account to the Vendor's Solicitors in accordance with the Escrow Agreement.

(c) If the Purchase Price is less than the Estimated Purchase Price based on the foregoing (such amount, the "**Purchaser Adjustment**"), the Purchaser and the Vendors' Representative will jointly instruct the Escrow Agent to pay the Purchaser Adjustment to the Purchaser by wire transfer of immediately available funds from the Purchase Price Adjustment Escrow Account. If the Purchase Price Adjustment Escrow Account is not sufficient for payment of the Purchaser Adjustment, then the Vendors shall pay any shortfall to the Purchaser within five (5) business days of such determination. If the Purchaser Adjustment is less than the amount in the Purchase Price Adjustment Escrow Account, the Purchaser and the Vendor will jointly instruct the Escrow Agent to pay the remaining balance of the Purchase Price Adjustment Escrow Amount, if any, after giving effect to the payment of the Purchaser Adjustment, to the Vendor.

2.9 **Withholding Taxes**. Notwithstanding anything to the contrary in this Agreement, the Purchaser, the Company, and the Escrow Agent, as applicable, shall be entitled to deduct and withhold from any consideration otherwise payable or otherwise deliverable to any Vendor, or any other person under this Agreement, the Escrow Agreement or other ancillary agreements, such amounts as the Purchaser, the Company, and the Escrow Agent, as applicable, are required or reasonably believe to be required to deduct and withhold from such consideration under any provision of any laws in respect of Taxes. Any such amounts will be deducted, withheld and remitted from the amount payable pursuant to this Agreement, the Escrow Agreement or other ancillary agreement and shall be treated for all purposes under this Agreement as having been paid to the person in respect of which such deduction, withholding and remittance was made, provided that such deducted and withheld amounts are actually remitted to the appropriate Governmental Entity.

2.10 **Working Capital Adjustment**. The Purchase Price shall be further adjusted as follows:

(a) In the event that Actual Closing Time Working Capital is negative, the Purchase Price shall not be adjusted.

(b) In the event that the Actual Closing time Working Capital is positive, on that date which is one year from Closing (the "**Working Capital Adjustment Date**"), the Purchase Price shall be adjusted downward by an amount equal to Accounts Receivable or Tax Assets not yet received by the Company or the Purchaser as at the Working Capital Adjustment Date (such adjustment amount the "**Bad AR Adjustment**").

(c) The Working Capital Adjustment Amount, if any, shall be deducted from the Indemnity Escrow Amount, and the Purchaser and the Vendors' Representative will jointly instruct the Escrow Agent to pay the Bad AR Adjustment to the Purchaser by wire transfer of immediately available funds from the Indemnity Escrow Account. If the Purchase Indemnity Escrow Account is not sufficient for payment of the Bad AR Adjustment, then the Vendors shall pay any shortfall to the Purchaser within five (5) business days of such determination.

2.11 **Closing**. The Closing will be subject to the terms and conditions of this Agreement and will take place electronically, at 11:59PM Vancouver time, on the date that the last of the conditions to Closing set forth in Article 7 have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date) or at such other time or on such other date or at such other place as the Vendors' Representative and the Purchaser may mutually agree upon in writing.

2.12 **Acknowledgements**. The Vendors each acknowledge that the Purchaser Shares may be subject to pooling requirements, resale restrictions or escrow requirements under applicable laws or the policies of applicable securities exchanges, and that, if required by such laws or policies, the Vendors will deposit such Purchaser Shares in pool or escrow and will comply with such additional resale restrictions, on such terms as may be required.

2.13 **Cooperation**. The parties acknowledge that the transactions contemplated hereunder will be a "reverse takeover" (as such term is interpreted under GAAP). It is also acknowledged that the Purchaser may proceed with a concurrent equity offering of the Purchaser Shares. The parties further agree as follows:

(a) Company shall provide or cause to provide the Purchaser with all reasonably requested information as may be required by the Purchaser to prepare the Purchaser Circular and any offering document with respect to aforementioned equity offering, and to ensure that such information does not contain any Misrepresentation, and shall promptly notify the Purchaser if it becomes aware that such information contains a Misrepresentation.

(b) The Purchaser shall give the Company a reasonable opportunity to review and comment on drafts of the Purchaser Circular, offering document and other related documents, and shall give reasonable consideration to any comments made by the Company.

2.14 **Entitlement Schedule**. Any payment or issuance of Purchaser Shares to be made by the Purchaser under this Agreement to the Vendors shall be made to the Vendors in accordance with their respective entitlements described in the Entitlement Schedule. The Vendors represent and warrant that the Entitlement Schedule is complete and accurate as at the date of this Agreement. The completeness and accuracy of the Entitlement Schedule shall be the sole responsibility of the Company and the Vendors, and the Purchaser shall have no responsibility or liability relating to the accuracy of the Entitlement Schedule. The parties acknowledge and agree that, in the event that a Vendor should transfer the Company Securities held by it to another person prior to the Closing Date and subject to the prior written consent of the Company and the Purchaser, the Company shall update and revise the Entitlement Schedule and promptly provide the Purchaser with such updated and revised Entitlement Schedule, it being acknowledged that, at all times, the accuracy and completeness of the Entitlement Schedule shall be the sole responsibility of the Company and the Vendors and that the Purchaser shall have no responsibility or liability relating to the accuracy and completeness of any such update or revision to the Entitlement Schedule. Without limiting the generality of the foregoing, the Vendors acknowledge and agree that the Purchaser shall be entitled to rely upon the Entitlement Schedule, any update or revision thereto, and assume the accuracy and completeness thereof, without any obligation to make independent investigations regarding same.

ARTICLE 3
MANAGEMENT SHAREHOLDER REPRESENTATIONS AND WARRANTIES

The Management Shareholders jointly and severally represent and warrant to the Purchaser as follows and acknowledges that the Purchaser is relying upon these representations and warranties in connection with the purchase of the Company Securities. Each exception to the following representations and warranties that is set out in the section(s) of the Disclosure Letter referenced is identified by reference to one or more specific individual sections of this Agreement and is only effective to create an exception to each specific individual section listed.

3.1 **Corporate Status; Authorization; Enforceability**. The Company is a corporation duly incorporated and validly existing under the laws of the Province of British Columbia and has not been discontinued or dissolved under such laws. No steps or proceedings have been taken to authorize or require such discontinuance or dissolution. The Company has the capacity to enter into this Agreement and the documents to be delivered hereunder and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate actions on part of the Company. The Company has the corporate power and capacity to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business under the laws of British Columbia as it has been and is currently conducted. This Agreement has been duly and validly executed and delivered by the Company, and (assuming due authorization, execution and delivery by Purchaser), this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of the Company enforceable against each of them in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

3.2 **Required Authorizations**. There is no requirement for any of the Company to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Entity as a condition to the lawful completion of the transactions contemplated by this Agreement, or that relate solely to the identity of the Purchaser or the nature of the business carried on by the Purchaser prior to Closing. The Management Shareholders provide no representations or warranties with respect to any requirement for the Purchaser to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Entity as a condition to the lawful completion of the transactions contemplated by this Agreement.

3.3 **Required Consents**. Except as described in Section 3.3 of the Disclosure Letter, there is no requirement for any of the Company to obtain any consent, approval or waiver of a party under any Lease or any agreement to which any of the Company is a party to any of the transactions contemplated by this Agreement.

3.4 **Capitalization**.

(a) The authorized capital of the Company consists of an unlimited number of Class A common shares, Class B common shares, Class A Non-Voting preferred shares, and Class B Non-Voting preferred shares. Section 3.4(a) of the Disclosure Letter sets forth the outstanding shares of the Company, all of which have been duly issued and outstanding and constitute a portion of the Company Securities. All of the shares comprising a portion of the Company Securities have been duly authorized and are validly issued, fully paid and non-assessable shares. Upon consummation of the transactions contemplated by this Agreement, the Purchaser will own all of the issued and outstanding Company Securities, free and clear of all Encumbrances.

(b) Except for the stock options described in Section 3.4(b) of the Disclosure Letter, there are no outstanding or authorized options, warrants, convertible securities, oral agreements, understandings or commitments or any rights or privileges (whether by law, pre-emptive or contractual) capable of becoming an agreement, option or commitment, of any character relating to any securities in the capital of the Company or obligating the Company to issue or sell, any securities of, or any other interest in, the Company. There are no voting trusts or agreements, pooling agreements, shareholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Company Securities. Except the common shares held by the Company in the Purchaser, the Company does not own, or have any interest in any shares or have securities, or another ownership interest, in any other person or entity.

(c) Except as disclosed in Section 3.4(c) of the Disclosure Letter, the Company has not declared or paid any dividends or declared or made any other distribution on any of its securities and has not redeemed, purchased or otherwise acquired any of its securities or agreed to do so.

3.5 **No Conflicts; Consents**. The execution, delivery and performance by the Company of their respective obligations under this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not:

(a) violate or conflict in any material respect with the articles of incorporation, by-laws or any unanimous shareholder agreement of the Company;

(b) violate or conflict in any material respect with any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to the Company;

(c) conflict with in any material respect, or result in (with or without notice or lapse of time or both) any material violation of, or material default under, or give rise to a right of termination, acceleration or modification of any obligation or loss of any benefit under any contract or other instrument to which the Company is a party; or

(d) result in the creation or imposition of any Encumbrance on any properties or assets of the Company.

No consent, approval, waiver or authorization is required to be obtained by the Company from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby.

3.6 **Corporate Records**. The corporate records of the Company, including all constating documents, minute books, registers, share certificate books and all other similar documents and records ("**Corporate Records**") are complete and accurate and all corporate proceedings and actions (including all meetings, passing of resolutions, transfers, elections and appointments) are reflected in the Corporate Records and have been conducted or taken in compliance with all applicable laws and with the articles and by-laws of the Company in all material respects. The Company has not ever been subject to, or affected by, any unanimous shareholders agreement.

3.7 **Conduct of Business in Ordinary Course**. Except as disclosed in Section 3.7 of the Disclosure Letter, since the Interim Balance Sheet Date, the Company has operated its business in the ordinary course, and without limiting the generality of the foregoing, the Company has not:

(a) sold, transferred or otherwise disposed of or diminished the value of any Assets used in the Business except for (a) Assets which are obsolete and which individually or in the aggregate do not exceed $200,000, or (b) inventory sold in the ordinary course;

(b) either made any capital expenditure or commitment to do so in excess of the amount budgeted for same in the capital expenditure budget set forth in Section 3.7 of the Disclosure Letter or not made any capital expenditure or commitment as and when contemplated in such capital expenditure budget;

(c) discharged any obligation or liability (whether accrued, absolute, contingent or otherwise) which individually or in the aggregate exceeded $200,000;

(d) increased its Indebtedness for borrowed money or made any loan or advance, or assumed, guaranteed or otherwise became liable with respect to the liabilities or obligation of any person;

(e) made any bonus or profit sharing distribution or similar payment of any kind or declared or paid any dividends except as may be required by the terms of a Material Contract;

(f) removed or received a notice of resignation from any auditor or director or terminated any senior employee;

(g) entered into any agreement with any person with whom it does not deal at arm's-length within the meaning of Tax Act;

(h) written off as uncollectible any Accounts Receivable which individually or in the aggregate is material to the Company or is in excess of $100,000;

(i) granted any general increase in the rate of wages, salaries, bonuses or other remuneration of any employees of the Company except as may be required by the terms of a Material Contract;

(j) increased the benefits to which employees of the Company are entitled under any Employee Plan, created any new Employee Plan for any employee, or amended or modified any existing Employee Plan;

(k) cancelled or waived any material claims or rights;

(l) compromised or settled any litigation, proceeding or other governmental action relating to the Assets, the Business or the Company;

(m) cancelled or reduced any of its insurance coverage;

(n) made any change in any method of accounting or auditing practice except as required by GAAP, or amended or approved any amendment to its constating documents or capital structure;

(o) made, changed or revoked any Tax election inconsistent with past practices or adopted or changed any method of Tax accounting, settled or compromised any liability with respect to Taxes, filed any amended Tax Return, consented to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes or changed any accounting period; or

(p) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.

3.8 **No Material Adverse Change**. Except as described in Section 3.8 of the Disclosure Letter, since the Interim Balance Sheet Date, there has not been any Material Adverse Change in the affairs, prospects, operations, Assets or condition of the Company, and no event has occurred or circumstance exists which would reasonably be expected to result in such a Material Adverse Change.

3.9 **Compliance with Laws**. The Company is conducting and has always conducted the Business and any past business in compliance with all applicable laws, other than acts or instances of non-compliance which, individually or in the aggregate, are not material.

3.10 **Authorizations**. The Company owns, holds, possesses or lawfully uses in the operation of the Business, all Authorizations which are necessary for it to conduct the Business or for the ownership and use of the Assets in compliance with all applicable laws. Each Authorization is valid, subsisting and in good standing, and the Company is not in default or breach of any Authorization and, no proceeding is pending or, to the knowledge of the Management Shareholders, threatened to revoke or limit any Authorization. All Authorizations are, to the knowledge of the Management Shareholders, renewable by their terms or in the ordinary course of business without the need for the Company to comply with any special rules or procedures, agree to any materially different terms or conditions or pay any amounts other than routine filing fees.

3.11 **Title to the Assets**. The Company owns (with good title) all of the properties and Assets that it purports to own including all the properties and Assets reflected as being owned by the Company in its financial Books and Records. The Company has legal and beneficial ownership of its Assets free and clear of all Encumbrances, except for Permitted Encumbrances. No other person owns any property or Assets which are being used in the Business except for the Leased Properties, the personal property leased by the Company pursuant to the Material Contracts and the Intellectual Property licensed to the Company and disclosed in Section 3.19 of the Disclosure Letter.

3.12 **No Options, etc. to Purchase Assets**. No person has any agreement, option, right of first refusal or first offer, understanding, or any right or privilege capable of becoming such for the purchase or other acquisition from the Company of any of the Assets, other than (i) Assets which are obsolete; or (ii) inventory to be sold in the Ordinary Course.

3.13 **Owned Real Property**. The Company has never and does not now own any real property or an interest therein, other than leasehold interests in the Leased Properties.

3.14 **Leases**. Section 3.14 of the Disclosure Letter sets out all of the real properties leased by the Company. True and complete copies of all Leases have been provided to the Purchaser. There is no real property leased, subleased, licensed or otherwise occupied (but not owned) by the Company other than the Leased Properties.

3.15 **Material Contracts**. Except for the contracts described in Section 3.15 of the Disclosure Letter, the Leases, the Employee Plans listed in Section 3.25 of the Disclosure Letter, the insurance policies listed in Section 3.26 of the Disclosure Letter and the Employment Contracts (collectively, the "**Material Contracts**"), the Company is a not party to or bound by:

(a) any continuing agreement involving the performance of services, delivery of goods or materials, or payments to or by the Company of an amount or value in excess of $200,000;

(b) any agreement that expires or may be renewed at the option of any person other than the Company so as to expire more than one year after the date of this Agreement;

(c) any trust indenture, mortgage, promissory note, loan agreement or other agreement for the borrowing of money, any currency exchange, interest rate, commodities or other hedging arrangement or any leasing transaction of the type required to be capitalized in accordance with GAAP or under which the Company have created or incurred indebtedness;

(d) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or Indebtedness of any other person;

(e) any agreement in respect of the Intellectual Property or Software owned by, licensed to or used by the Company, except with respect to LDRLY;

(f) any agreement for capital expenditures in excess of $100,000 in the aggregate;

(g) any confidentiality, secrecy, non-disclosure or exclusivity agreement or any agreement limiting the freedom of the Company to engage in any line of business, set the material terms of its agreements, compete with any other person, solicit any persons for any purpose, operate its Assets at maximum production capacity or otherwise to conduct its business;

(h) any agreement pursuant to which the Company is a lessor of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;

(i) any distributor, sales, advertising, agency or manufacturer's representative agreement;

(j) any agreement made out of the ordinary course including any agreement for the purchase of real property;

(k) any agreement with any person with whom the Company does not deal at arm's length within the meaning of the Tax Act; or

(l) any agreement that is material to the Business.

3.16 **No Breach of Material Contracts**. The Company has performed, and has all the requisite Assets to perform, all of the obligations required to be performed by it and is entitled to all benefits under the Material Contracts to which it is a party in accordance with the respective terms and conditions thereunder. The Company has not been alleged to be in default of any Material Contract to which it is a party. Each of the Material Contracts is in full force and effect, unamended, and there exists no default or event of default or event, occurrence, condition or act (including the transactions contemplated herein) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default or event of default of the Company or, to the knowledge of the Management Shareholders, its counterparty under any Material Contract. True, correct and complete copies of all Material Contracts have been delivered to the Purchaser. All Material Contracts with non-arm's length persons, if any, do not contain any non-market terms.

3.17 **No Breach of Other Contracts**. With respect to agreements to which the Company is a party that are not Material Contracts, the Company has not nor, to the knowledge of the Management Shareholders, has its counterparty violated or breached, in any respect, any of the material terms or conditions of any such agreement, and to the knowledge of the Management Shareholders, all the covenants to be performed by the parties to such agreements have been fully performed.

3.18 **Accounts Receivable**. All Accounts Receivable of the Company (i) are properly reflected in the Company's books and records and the Financial Statements in accordance with GAAP, (ii) represent bona fide legally enforceable claims for goods or services sold by the Company in the ordinary course prior to the date of this Agreement and payable on ordinary terms (including terms substantially similar to those set forth in contracts thereto), and (iii) subject to a reserve for bad debt shown on the Company's balance sheet as of the Interim Balance Sheet Date. None of the Accounts Receivable of the Company are subject to any setoffs or counter claims or any agreement for deduction, free services or goods, discount or other deferred price or quantity adjustment, other than in the ordinary course.

3.19 **Intellectual Property**.

(a) Section 3.19 of the Disclosure Letter sets out all (i) patents, provisional patent applications, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) common law trademarks, trademark registrations and applications, business names, corporate names, trade names and logos; (iii) copyrights, copyright registrations and applications, and (iv) domain name registrations, website names and world wide web addresses, in each case that are owned by the Company. With respect to each such item listed in Section 3.19 of the Disclosure Letter, except as set out therein (i) the Company is the sole owner and possesses all right, title and interest in and to the item, free and clear of all Encumbrances (other than Permitted Encumbrances), and (ii) no action, suit, proceeding, arbitration, investigation, charge, complaint, claim, or demand is pending or, to the knowledge of the Management Shareholders, is threatened, that challenges the legality, validity, enforceability, registration, use or ownership of the item. The registered and issued Intellectual Property required to be set forth in Section 3.19 of the Disclosure Letter is valid and enforceable. Except as set out in Section 3.19 of the Disclosure Letter, each such registration, filing, issuance and/or application (i) has not been abandoned, cancelled or otherwise compromised, (ii) has been maintained effective by all requisite filings, renewals and payments, and (iii) remains in full force and effect. Section 3.19 of the Disclosure Letter sets out a list of all jurisdictions in which such Intellectual Property is registered or registrations have been applied for and all registration and application numbers.

(b) To the knowledge of the Management Shareholders, it is not infringing upon, misappropriating or otherwise violating any copyrights or trade secrets or other Intellectual Property of any person, nor has the Company done so in the last five years, and (ii) the Company has not received from any person in the past 36 months any written notice, charge, complaint, claim or other written assertion alleging any such infringement, misappropriation, or other violation by the Company of the Intellectual Property of any person. To the knowledge of the Management Shareholders, no person is infringing, misappropriating, or otherwise violating the Intellectual Property of the Company in any manner.

(c) Section 3.19 of the Disclosure Letter sets out all material Intellectual Property of third parties used by the Company in the Business. Except as set forth in Section 3.19 of the Disclosure Letter, the Company uses the Intellectual Property of third parties only pursuant to valid, effective written license agreements (collectively, the "**Third Party Licenses**") and the Company has not exercised any rights, including without limitation any use, reproduction, distribution or derivative work rights, outside the scope of any Third Party Licenses. Except as set forth in Section 3.19 of the Disclosure Letter or to LDRLY, the Company has not licensed the rights to any Intellectual Property they own to any person, other than non-exclusive licenses that pass with the sale of goods and services in the ordinary course.

(d) The Intellectual Property listed in Section 3.19 of the Disclosure Letter, together with the Third Party Licenses, constitutes all material Intellectual Property used by the Company in the Business.

(e) Except as set forth in Section 3.19 of the Disclosure Letter, to the knowledge of the Management Shareholders, there has been no unauthorized disclosure of any trade secrets or proprietary information of the Company.

(f) Except as set forth in Section 3.19 of the Disclosure Letter and excepting LDRLY, following the Closing, no Vendor or any Affiliate of any Vendor will retain or use any of the Intellectual Property owned by, licensed to or used by the Company in connection with the Business.

3.20 **Software and Technology**.

(a) The computer and data processing systems, facilities and services used by the Company are sufficient for its operations as currently conducted and are, to the knowledge of the Management Shareholders, substantially free of any material defects, bugs and errors, and the Management Shareholders have not been made aware of any disabling codes or instructions, spyware, Trojan horses, worms, viruses or other software routines that have permitted or caused or would permit or cause unauthorized access to, or disruption, impairment, disablement, or destruction of, software, data or other materials wherein any trade secrets, or proprietary information of the Company has been disclosed to a third party ("**Disabling Code**").

(b) Section 3.20 of the Disclosure Letter sets forth a list of all proprietary Software owned by the Company and used in the Business ("**Company Software**") and all third-party Software contained or embedded in the Company Software and a list of all material third-party Software used in the Business. None of the Company Software incorporates or is comprised of or distributed with any Publicly Available Software in a manner which (i) requires the distribution of source code in connection with the distribution of such software in object code form; (ii) materially limits any the Company's freedom to seek full compensation in connection with marketing, licensing, and distributing such applications; or (iii) allows a user to have the right to decompile, disassemble or otherwise reverse engineer the software by its terms and not by operation of applicable laws. The Company is in actual possession and control of the applicable source code, object code, code writes, notes, documentation, programmers' notes, source code annotations, user manuals and know-how to the extent required for use, distribution, development, enhancement, maintenance and support of each item of material Company Software, subject to any licenses granted to third parties therein. Except as set forth in Section 3.20 of the Disclosure Letter, to the knowledge of the Management Shareholders, the Company Software does not contain any Disabling Code.

(c) The Company has not disclosed Company Software source code to any other Person, except in connection with (i) a source code escrow agreement in which release of the Company Software source code is generally limited to the following contingencies: (a) the Company ceases to support the relevant software as required by the relevant license agreement, (b) the Company fails adequately to maintain service levels established in the relevant license agreement, or (c) the Company ceases to conduct the relevant business, becomes insolvent or enters into bankruptcy; or (ii) a non-exclusive license of Company Software source code to clients. Such disclosures of source code have only been made pursuant to written confidentiality terms that reasonably protect the Company's rights in the Company Software. The Company is not obligated to operate in accordance with any outsourcing agreement or to support or maintain any of the Company Software except pursuant to agreements that provide for periodic payments to the Company thereof for such services or pursuant to warranty obligations.

3.21 **Books and Records**. All accounting and financial Books and Records of the Company have been fully, properly and accurately kept and completed in all material respects. Such Books and Records and other data and information are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which will not be available in the ordinary course.

3.22 **Financial Statements**. The Financial Statements have been prepared in accordance with GAAP applied on a basis consistent with those of previous fiscal years and each presents fairly:

(a) the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial position of the Company as at the respective dates of the relevant statements; and

(b) the sales and earnings and results of operations of the Company during the periods therein.

3.23 **No Liabilities**. The Company does not have any liability or obligation of any nature of the type which would be required to be set forth in financial statements prepared in accordance with GAAP (whether known or unknown and whether absolute, accrued, contingent or otherwise) other than (i) liabilities or obligations to the extent specifically shown and adequately accrued on the balance sheet forming part of the Financial Statements; (ii) current liabilities incurred in the ordinary course since the Interim Balance Sheet Date (none of which is a liability for breach of contract, breach of warranty, tort, infringement violation, misappropriation, or that relates to any cause of action, claim or lawsuit); and (iii) as disclosed in Section 3.23 of the Disclosure Letter.

3.24 **Employees**.

(a) The Company is in compliance with all terms and conditions of employment, except as disclosed in Section 3.24 of the Disclosure Letter, and is not alleged to be in default of any current Employment Contract. The Company has observed and materially complied with all applicable laws respecting employment. No complaint, grievance, arbitration, claim, proceeding, civil action, judgment, order or decree, work order, audit, investigation or alternative dispute resolution process has been, filed, or to the knowledge of the Vendor, made, commenced or threatened by or with any applicable Governmental Entity against the Company in respect of, concerning or affecting any employees of the Company, and, to the knowledge of the Management Shareholders, there is no basis for such a complaint.

(b) The Company has not, in the last five (5) years or currently is, engaged in any unfair labour practice.

(c) There is no Collective Agreement in force with respect to its employees nor is there any agreement with any employee association in respect of its employees.

(d) No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any of its employees by way of certification, interim certification, voluntary recognition, or succession rights, or has applied or, to the knowledge of the Management Shareholders, threatened to apply to be certified as the bargaining agent of any of its employees. To the knowledge of the Management Shareholders, there are no threatened or pending union organizing activities involving any of its employees and no such event has occurred within the last five (5) years. There is no labour strike, dispute, work slowdown, stoppage, concerted refusal to work overtime, or other collective labour action pending or involving or, to the knowledge of the Management Shareholders, threatened against the Company and no such event has occurred within the last five (5) years.

(e) No person has applied to have the Company declared a common or related employer pursuant to applicable law.

(f) All amounts due or accrued for all salary, wages, bonuses, commissions, vacation with pay, sick days and benefits under the Employee Plans have either been paid or are accurately reflected in the Books and Records.

(g) Section 3.24 of the Disclosure Letter contains a correct and complete list of each of the Company's employees as at the date of this Agreement, whether actively at work or not, showing without names or employee numbers their salaries, wage rates, commissions, bonus arrangements, benefits, positions, status as full-time or part-time employees, location of employment, cumulative length of service with the Company and whether they are subject to a written Employment Contract. Section 3.24 of the Disclosure Letter contains for each such employee their annual vacation entitlement in days, their accrued and unused vacation days as of the last day of the month immediately preceding date hereof, any other annual paid time off entitlement in days and their accrued and unused days of such other paid time off as of the last day of the month immediately preceding the date hereof.

(h) Current and complete copies of all Employment Contracts (including any amendments thereto) have been delivered or made available or described to the Purchaser.

(i) None of the Company's employees have any agreement as to length of notice or severance payment required to terminate his or her employment, other than such as results by law from the employment of an employee without an agreement as to notice or severance.

(j) Except as disclosed in Section 3.24 of the Disclosure Letter there are no severance, compensation, change of control, employment, retention or other agreements or benefit plans with current or former employees providing for cash or other compensation, benefits or acceleration of benefits upon the consummation of, or relating to, the transactions contemplated by this Agreement, including a change of control of the Company.

(k) Section 3.24 of the Disclosure Letter contains a correct and complete list of each independent contractor or consultant engaged by the Company as at the date of this Agreement including their consulting fees, any other forms of compensation or benefits, and whether they are subject to a written agreement. Current and complete copies of all such agreements have been delivered or made available to the Purchaser (including any amendments thereto). Each independent contractor or consultant who is disclosed in Section 3.24 of the Disclosure Letter has been properly classified by the Company as an independent contractor and the Company has not received any notice from any Governmental Entity disputing such classification.

(l) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workplace safety and insurance legislation and the Company has not been reassessed in any material respect under such legislation during the past three (3) years and, to the knowledge of the Management Shareholders, no audit of the Company is currently being performed pursuant to any applicable workplace safety and insurance legislation. There are no claims or, to the knowledge of Management Shareholders, potential claims which may materially adversely affect the Company's accident cost experience in respect of the Business.

(m) All orders and inspection reports under applicable occupational health and safety legislation ("**OHSA**") have been provided to the Purchaser. There are no charges pending under OHSA. The Company has complied in all material respects with any orders issued under OHSA and there are no appeals of any orders under OHSA currently outstanding.

(n) True and complete copies of all work permits and labour market impact assessment opinion confirmations relating to the Company's employees have been made available to the Purchaser. The Company is in compliance with all terms and conditions of the work permits and the labour market impact assessment confirmations. No audit by a Governmental Entity is being conducted, or to the knowledge of the Management Shareholders, pending, in respect of any foreign workers.

(o) All workplace harassment (including sexual harassment) and workplace violence allegations and claims relating to the Company's current and former employees have been promptly, thoroughly and impartially investigated in accordance with the obligations of the Company under the OHSA. With respect to each such allegation or claim with potential merit, the Company has taken prompt corrective action that is reasonably calculated to prevent further workplace harassment (including sexual harassment) and workplace violence. The Company does not reasonably expect any liability with respect to any such allegations.

3.25 **Employee Plans**.

(a) Section 3.25 of the Disclosure Letter lists and describes all Employee Plans. The Company has furnished to the Purchaser true, correct and complete copies of all the Employee Plans (or if oral, summaries thereof), together with all related documentation including, summary plan descriptions, the most recent actuarial reports, letters of credit, financial statements and asset statements, all material opinions and memoranda (whether externally or internally prepared) and all material correspondence with any Governmental Entity or other relevant persons (including in respect of any pending action, investigation, examination or claim relating to the Company). No changes or events have occurred or are expected to occur which would affect the information contained in the actuarial reports, financial statements or asset statements required to be provided to the Purchaser pursuant to this provision.

(b) No Employee Plan is or is intended to be a "registered pension plan" or a "retirement compensation arrangement" as such terms are defined under the Tax Act.

(c) All Employee Plans have been established, maintained, administered, communicated and invested in material accordance with all laws.

(d) The Company has made all contributions and paid all premiums in respect of each Employee Plan in a timely fashion in accordance with the terms of each Employee Plan and applicable laws. The Company has paid in full all contributions and premiums for the period up to the date hereof even though not otherwise required to be paid until a later date or has made full and adequate disclosure of and provision for such contributions and premiums in the Books and Records.

(e) Other than routine claims for benefits, no Employee Plan is subject to any pending action, investigation, examination, claim (including claims for Taxes) or any other proceeding initiated by any person, and, to the knowledge of the Management Shareholders, there exists no state of facts which could reasonably be expected to give rise to any such action, investigation, examination, claim or other proceeding.

(f) No insurance policy or any other agreement affecting any Employee Plan requires or permits a retroactive increase in contributions, premiums or other payments due under such insurance policy or agreement. The level of insurance reserves under each insured Employee Plan is reasonable and sufficient to provide for all incurred but unreported claims.

(g) Except as described in Section 3.25 of the Disclosure Letter, none of the Employee Plans provide for retiree benefits or for benefits to retired employees or to the beneficiaries or dependants of retired employees.

(h) Subject to the requirements of applicable laws, no provision of any Employee Plan or of any agreement, and no act or omission of the Company, in any way limits, impairs, modifies or otherwise affects the right of the Company to unilaterally amend or terminate any Employee Plan, and no commitments to improve or otherwise amend any Employee Plan have been made.

(i) The execution and delivery of, and performance by the Company of, this Agreement (and the consummation of the transactions contemplated by it) will not (i) accelerate the time of payment or vesting under any Employee Plan, (ii) result in an obligation to fund (through a trust or otherwise) any compensation or benefits under any Employee Plan, (iii) increase any amount payable under any Employee Plan or (iv) result in the acceleration of any other material obligation pursuant to any Employee Plan.

(j) Only employees or former employees (or any spouses, dependents, survivors or beneficiaries of any such employees or former employees) of the Company are entitled to participate in the Employee Plans and no entity other than the Company is a participating employer under any Employee Plan.

(k) The Company has not agreed or committed to institute any plan, program, arrangement or agreement for the benefit of employees or former employees of the Company other than the Employee Plans, or to make any amendments to any of the Employee Plans.

(l) There is no pending or, to the knowledge of the Management Shareholders, threatened assessment, complaint, proceeding, or investigation of any kind in any court or government agency with respect to any Employee Plan (other than routine claims for benefits), nor is there any basis for one.

3.26 **Insurance**. Section 3.26 of the Disclosure Letter contains a correct and complete list of insurance policies to which the Company is a party, an insured or a beneficiary or under which the Company or any of its officers or directors is covered, setting out, in respect of each policy, the type of policy, the name of insurer, the coverage allowance, the expiration date, the annual premium and any pending claims. The Company is not in default with respect to any of the provisions contained in the insurance policies and has not failed to give any notice or to present any claim under any insurance policy in a due and timely fashion or has provided any information to any insurer in connection with any application for insurance that could result in the cancellation of any insurance policy for the benefit of the Company or a denial of coverage for a risk otherwise covered by any such insurance policy or bond. To the knowledge of the Management Shareholders, there are no circumstances in respect of which any person could make a claim under any insurance policy. The Company has not received any refusal of insurance coverage or any notice that a defense will be afforded with reservation of rights. There has not been any Material Adverse Change in the relationship of the Company with its insurers, the availability of coverage, or in the premiums payable pursuant to the policies. Section 3.26 of the Disclosure Letter contains a list setting forth any and all claims, with reasonable particulars, made under any policies of insurance maintained by or for the benefit of the Company over the past 5 years prior to the date hereof. Copies of all of the Company's insurance policies and the most recent inspection reports received from insurance underwriters have been delivered to the Purchaser.

3.27 **Litigation**. Except as described in Section 3.27 of the Disclosure Letter, there have not been and are no actions, suits, proceedings, grievances, arbitrations, investigations, audits, or other alternative dispute resolution process involving the Company, pending, or, to the knowledge of the Management Shareholders, threatened, against the Company. To the knowledge of the Management Shareholders, there is no valid basis for any action, suit, proceeding, grievance, arbitration, investigation, audit, or other alternative dispute resolution process involving the Company. The Company is not subject to any judgment, order or decree entered in any lawsuit or proceeding nor has the Company settled any claim prior to being prosecuted in respect of it.

3.28 **Taxes**.

(a) The Company has paid all Taxes which are due and payable within the time required by applicable laws, and has paid all assessments and reassessments it has received in respect of Taxes. The Company has provided full and adequate provision in accordance with GAAP in the Interim Financial Statements for all Taxes for periods to which they relate which are not yet due and payable. Since the date of such financial statements, no material liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the ordinary course. The Company has not received any refund of Taxes to which it is not entitled or has any liability for Taxes of another person under the Tax Act, as a transferee or successor, or as a result of any contractual obligation. There are no Encumbrances for Taxes on the Company Securities. There are no Encumbrances on for Taxes on the Assets other than Permitted Encumbrances.

(b) The Company has filed or caused to be filed with the appropriate Governmental Entity, within the times and in the manner prescribed by applicable laws, all Tax Returns which are required to be filed by or with respect to it. The information contained in such Tax Returns is correct and complete and such Tax Returns reflect accurately all liability for Taxes of the Company for the periods covered thereby. The Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date in accordance with the Tax Act as a result of transactions or events occurring before the Closing Date.

(c) There are no outstanding agreements, arrangements, waivers or objections extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of Taxes or the filing of any Tax Return by, or any payment of Taxes by, the Company.

(d) There are no claims, actions, suits, audits, proceedings, investigations or other actions pending or, to the knowledge of the Management Shareholders, threatened against the Company in respect of Taxes and, to the knowledge of the Management Shareholders, there is no reason to expect that any such claim, action, suit, audit, proceeding, or, to the knowledge of the Management Shareholders, investigation or other action may be asserted against the

Company by a Governmental Entity. The Company is not negotiating any final or draft assessment or reassessment in respect of Taxes with any Governmental Entity and has not received any indication from any Governmental Entity that an assessment or reassessment is proposed or may be proposed in respect of any Taxes for any Pre-Closing Tax Period or Straddle Period.

(e) The Company has withheld and collected all amounts required by applicable laws to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Entity within the time prescribed under any applicable laws.

(f) No claim has ever been made by a Governmental Entity against of the Company in respect of Taxes in a jurisdiction where the Company does not file Tax Returns that the Company is or may be subject to Tax by that jurisdiction.

(g) The terms and conditions made or imposed in respect of every transaction (or series of transactions) between the Company and any person that is (a) a non-resident of Canada for purposes of the Tax Act, and (b) not dealing at arm's length with the Company, as the case may be, for purposes of the Tax Act, do not differ from those that would have been made between persons dealing at arm's length for purposes of the Tax Act, and all documentation or records as required by applicable laws has been made or obtained in respect of such transactions (or series of transactions).

(h) The Company is not party to or bound by any tax sharing agreement, tax indemnity obligation in favour of any person or similar agreement in favour of any person with respect to Taxes (including any advance pricing agreement or other similar agreement relating to Taxes with any Governmental Entity). The Company has not entered into any settlement or arrangement with any Governmental Entity that would be binding on Purchaser or result in a material Tax liability for any taxable period (or portion thereof) ending after the Closing Date.

(i) There are no circumstances existing which could result in the application to the Company of sections 17, 78, 80, 80.01, 80.02, 80.03, 80.04 of the Tax Act or any analogous provision of any comparable laws of any province or territory of Canada.

(j) The Company has not acquired property from a person not dealing at arm's length (for purposes of the Tax Act) with it in circumstances that would result in the Company becoming liable to pay Taxes of such person under subsection 160(1) of the Tax Act or any analogous provision of any comparable Law of any applicable province or territory of Canada.

(k) The Company is not party to any joint venture, partnership or other arrangement or contract that is treated as a partnership for income tax purposes in any jurisdiction.

(l) Immediately prior to the date of this Agreement, the Company was a "Canadian-controlled private corporation" within the meaning of the Tax Act.

3.29 **Privacy**. No person has made a claim, or to the knowledge of the Management Shareholders, threatened to make a claim, regarding failure of the Company to comply with any applicable privacy laws.

3.30 **Full Disclosure**. This Agreement does not (i) contain any untrue statement of a material fact in respect of the affairs, prospects, operations or condition of the Company, the Assets, the Business or the transactions contemplated herein, or (ii) omit any statement of a material fact necessary in order to make the statements in respect of, the affairs, prospects, operations or condition of the Companies, the Company Securities, the Assets, the Business or the transactions contemplated by the Agreement contained herein or therein not misleading. There is no fact known to the Management Shareholders which materially and adversely affects the affairs, prospects, operations or condition of the Company, the Assets, the Company Securities, the Business or the transactions contemplated herein which has not been set forth in this Agreement.

3.31 **No Other Representations or Warranties**. Except for the representations and warranties made by the Management Shareholders in this Article 3, Article 4 or elsewhere in this Agreement, the Management Shareholders do not make, and hereby disclaims, any other representations or warranties, whether written or oral, and specifically (but without limiting the generality of the foregoing), the Management Shareholders make no representations or warranties with respect to any projections, estimates or budgets delivered or made available to the Purchaser.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE VENDORS

Each Vendor, severally (and not jointly and severally), as to itself only, represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying upon these representations and warranties with the sale of the Company Securities.

4.1 **Incorporation and Qualification**. If a Vendor is a corporation, it is incorporated and existing under the laws of the jurisdiction of its organization and has the corporate power and authority to enter into and perform its obligations under this Agreement and each of the ancillary agreements to which it is a party;

4.2 **Corporate Authorization**. If a Vendor is a corporation, the execution, delivery of and performance by such Vendor of this Agreement and each of the ancillary agreements to which it is a party and the consummation of the transactions contemplated by it have been duly authorized by all necessary corporation action on the part of such Vendor.

4.3 **No Conflict**. Except for the filings, notifications and Authorizations described in Section 4.3 of the Disclosure Letter, the execution, delivery and performance by such Vendor of this Agreement and the consummation of the transaction of purchase and sale contemplated by this Agreement and each of the ancillary agreements to which it is a party:

(a) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a violation or breach of, or conflict with, or allow any other person to exercise any rights under, any of the terms or provisions of such Vendor’s constating documents or by-laws;

(b) do not and will not (or would not with the giving of notice, the lapse of time or the happening or any other event or condition) constitute or result in a breach or violation of, or conflict with or allow any other person to exercise any rights under, any of the terms or provisions of any agreements to which such Vendor is a party or pursuant to which any of its assets or property may be affected;

(c) do not and will not result in a breach of, or cause the termination or revocation of, any Authorization held by the Vendor in connection with the ownership of the Company Securities or the operation of the Business; and

(d) do not and will not result in the violation of any law.

4.4 **Required Consents**. There is no requirement to obtain any consent, approval or waiver of a party under any Lease or any agreement to which the Vendor is a party to any of the transactions contemplated by this Agreement, except for the consents, approvals and waivers described in Section 4.4 of the Disclosure Letter.

4.5 **Execution and Binding Obligation**. This Agreement and each of the ancillary agreements to which it is a party has been duly executed and delivered by such Vendor, and constitutes a legal, valid and binding obligation of such Vendor enforceable against it in accordance with its terms subject only to any limitation under applicable laws relating to (i) bankruptcy, winding-up, insolvency, arrangement and other laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction;

4.6 **No Other Agreements to Purchase**. Except for the Purchaser's right under this Agreement, no person has any agreement, option or warrant or any right or privilege (whether by law, pre-emptive or contractual granted by such Vendor) capable of becoming such for the purchase or acquisition from such Vendor of any Company Securities of such Vendor;

4.7 **Title to Company Securities**. Such Vendor owns that number of the Company Securities set out opposite its name in the Entitlement Schedule. The Vendor owns such Company Securities as the registered and beneficial owner with a good title, free and clear of all Encumbrances. Upon completion of the transaction contemplated by this Agreement, such Vendor will have transferred to the Purchaser good and valid title to such Company Securities, free and clear of all Encumbrances;

4.8 **Residence**. Except as disclosed in the Entitlement Schedule, such Vendor is not a non-resident of Canada within the meaning of the Tax Act; and

4.9 **No Brokers**. Neither it nor any of its representatives has incurred any liability or obligation to any broker, agent, investment bank or other intermediary for any fee, commission or other similar payment in connection with the transactions contemplated by this Agreement.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF PURCHASER

The Purchaser represents and warrants to the Vendors as follows and acknowledges that the Vendors are relying upon these representations and warranties in connection with the sale of the Company Securities.

For the purposes of this Article 5, "**Public Disclosure Documents**" means, collectively, all of the publicly available documents that have been filed by or on behalf of the Purchaser since its incorporation up to and including the date of this Agreement with the relevant Canadian securities regulatory authorities pursuant to the requirements of applicable Canadian securities laws, including all press releases, annual information forms, material change reports, financial statements, management's discussion and analysis, information circulars, filing statements, business acquisition reports and other documents that have been publicly disclosed by the Purchaser and posted on SEDAR, as applicable.

5.1 **Corporate Status; Authorization; Enforceability**. The Purchaser is a corporation duly incorporated and validly existing under the laws of the Province of British Columbia and has not been discontinued or dissolved under such laws. No steps or proceedings have been taken to authorize or require such discontinuance or dissolution. The Purchaser has the corporate power and capacity to enter into this Agreement and the documents to be delivered hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by the Purchaser of this Agreement and the documents to be delivered hereunder and the consummation by the Purchaser of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of the Purchaser. This Agreement has been duly executed and delivered by the Purchaser, and (assuming due authorization, execution and delivery by the Vendors and the Company) this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of the Purchaser enforceable against the Purchaser in accordance with their respective terms.

5.2 **No Conflicts; Consents**. The execution, delivery and performance by the Purchaser of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not violate or conflict with:

(a) the articles of incorporation, by-laws, or other organizational documents of the Purchaser; or

(b) any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to the Purchaser.

5.3 **Capital Structure**.

(a) The Purchaser's authorized capital consists of: (i) an unlimited number of common shares, of which 212,762,500 are issued and outstanding as at the date of this Agreement; (ii) share purchase warrants, of which 200,000 are issued with an exercise price of $0.10 per share and with an expiry date of July 15, 2021, and 412,500 are issued with an exercise price of $0.16 per share and with an expiry date of April 17, 2022 are issued and outstanding as at the date of this Agreement; and (iii) incentive stock options issued under the Purchaser's stock option plan as disclosed in the Public Disclosure Documents.

(b) Other than as disclosed in the Public Disclosure Documents and pursuant to the Company's incentive stock option plan, no Person has any agreement, option, understanding or commitment, or any right or privilege, whether by law, pre-emptive or contractual, capable of becoming an agreement, option or commitment, including exchangeable securities, convertible securities, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issue of, or conversion into, any outstanding shares in the capital of the Purchaser.

5.4 **Purchaser Shares issued to Vendors.**

(a) The Purchaser Shares issued by the Purchaser to the Vendors will be, at the Closing Date, issued and outstanding as fully paid and non-assessable shares in the capital of the Purchaser.

(b) The Purchaser is a "reporting issuer" (as such term is defined under the *Securities Act* (British Columbia)) in the provinces of British Columbia, Alberta and Ontario, and is not included in a list of defaulting reporting issuers maintained by the securities regulators in such jurisdictions, and has not filed any material change reports on a confidential basis that are still maintained on a confidential basis. The Purchaser's common shares are listed for trading on the TSX Venture Exchange.

(c) The offering, sale, issuance and delivery of the Purchaser Shares are exempt from prospectus and registration requirements under applicable securities laws. The issuance of such Purchaser Shares will be made in compliance with applicable corporate laws and securities laws.

5.5 **Legal Proceedings**. There is no action of any nature pending or threatened against or by the Purchaser that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such action.

ARTICLE 6
COVENANTS

6.1 **Conduct of Business Before Closing**.

(a) During the period beginning on the date of this Agreement and ending at the time of Closing, the Company will conduct its business diligently and prudently and to refrain from entering into any contract except in the ordinary course of business, as disclosed in the Disclosure Letter or with the prior written consent of the Purchaser, or as necessary to comply with applicable laws.

(b) Except pursuant to any existing Material Contract disclosed to the Purchaser, except as expressly required by this Agreement or as expressly disclosed in the Disclosure Letter, and except with the prior written consent of the Purchaser and notwithstanding any other provision in this Agreement, until the earlier of the Closing and the time that this Agreement is terminated in accordance with its terms, the Company shall not, directly or indirectly, without the express consent of the Purchaser:

(i) adopt any change to its constating documents;

(ii) enter into a new line of business, or abandon or discontinue any existing lines of business, except as already planned in the ordinary course;

(iii) acquire by merger or consolidation with, or by purchase of a substantial portion of the assets or equity securities of, or by any other manner, any business or any person or any division thereof or any material assets;

(iv) adopt any plan of merger, consolidation, reorganization, liquidation or dissolution, or file a petition in bankruptcy under any laws, or consent to the filing of any bankruptcy petition against it under any laws;

(v) except as contemplated under Section 6.11, declare or pay any dividends or other distributions, or redeem, purchase or otherwise acquire any of its shares or agree to do so;

(vi) make any capital expenditure which individually or in the aggregate exceeds $100,000 per month;

(vii) create, assume, prepay, incur or guarantee any Indebtedness or endorse the obligations or enter into any agreements to maintain the fiscal condition of any person, except for Indebtedness incurred in the ordinary course with a maturity of not more than one year, or (ii) fail to pay or discharge any Indebtedness due in accordance with its terms;

(viii) commence, settle or compromise any material legal proceeding;

(ix) issue any common shares, options, warrants, convertible securities, oral agreements, understandings or commitments or any rights or privileges (whether by law, pre-emptive or contractual) capable of becoming an agreement, option or commitment, of any character relating to any securities in the capital of the Company;

(x) split, combine, subdivide, reclassify, redeem, purchase or otherwise acquire, directly or indirectly, any of its issued and outstanding shares;

(xi) increase the severance or termination pay, change in control, retention, stay or other similar bonus, or other compensation or benefits of any former or current director, officer, employee or independent contractor of the Company;

(xii) establish, adopt, enter into, amend, terminate, trigger an increase in or accelerate the time of payment, funding or vesting of any compensation or benefits under any Employee Plan (or any plan, policy agreement, arrangement or program that would have constituted an Employee Plan if in effect on the date hereof) or create any new Employee Plan other than as required by law or pursuant to any Employee Plans or agreements in effect on the date hereof;

(xiii) make any change in the key management structure of the Company;

(xiv) negotiate, enter into, amend, modify or terminate any collective bargaining agreement or other agreement with any labor union, labor organization or works council;

(xv) (A) hire, engage or retain the employment or services of any employee or consultant, who will be paid annual cash compensation greater than $100,000, (B) grant to any employee any increase in compensation or benefits in any form, except in the ordinary course; (C) amend or terminate (other than for cause) the employment or services of any employee or consultant; (D) transfer any employee out of the Company; (E) enter into or amend any severance, change of control or termination agreement with any employee, officer or director; (F) increase the benefits payable under any existing severance or termination pay agreements or policies with any employee, officer or director; or (G) increase, or announce or promise an increase in, the compensation or benefits of any of its employees, officers, directors, or consultants , except pursuant to the terms of the Employee Plans as in effect on the date hereof;

(xvi) make any material change in its policies with respect to the payment of accounts payable or accrued expenses, or the collection of Accounts Receivable or other receivables, other than as required by law or GAAP;

(xvii) make any material change in its cash management practices or in its financial, tax or accounting methods, principles or practices, except as required by law or GAAP;

(xviii) sell, license, lease, transfer, assign, abandon or otherwise dispose of any of its material assets;

(xix) sell, license, transfer, assign, abandon, dedicate to the public, permit to lapse or otherwise dispose of any Intellectual Property material to the Business, except for non-exclusive licenses granted in the ordinary course;

(xx) make any material change in the manner in which it generally extends discounts or credits to clients inconsistent with the ordinary course;

(xxi) amend, terminate, modify, restate, supplement or waive any material rights under any Material Contract except in the ordinary course in compliance with the terms thereof;

(xxii) enter into or amend any Material Contract;

(xxiii) make, revoke or change any material Tax election, settle or compromise any material claim, notice, audit report or assessment in respect of Taxes; change any annual Tax accounting period; adopt or change any method of Tax accounting; file any amended Tax Return; enter into any Tax allocation agreement, Tax sharing agreement, Tax indemnity agreement or closing agreement relating to any Tax; surrender any right to claim a material Tax refund; or consent to any extension or waiver of the statute of limitations period applicable to any Tax claim or assessment;

(xxiv) enter into any agreement or otherwise make a commitment to do any of the foregoing.

6.2 **Actions to Satisfy Closing Conditions**. Each of the Vendors, the Company and the Purchaser will take or cause to be taken all actions that are within its power to control, and will make all commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure its compliance with, and satisfaction of, all conditions in Article 6 that are for the benefit of the other parties to this Agreement.

6.3 **Books and Records**

(a) To facilitate the resolution of any claims made against or incurred by the Vendors before the Closing Date, or for any other reasonable purpose, for a period of two years after the Closing Date, the Purchaser will:

(i) retain the Books and Records (including personnel files) of the Company relating to periods before the Closing in a manner reasonably consistent with the prior practices of the Company; and

(ii) upon reasonable notice, afford representatives of the Vendors reasonable access (including the right to make, at such Vendor's expense, photocopies), during normal business hours, to such Books and Records.

(b) The Purchaser will not be obligated to provide the Vendors with access to any books or records (including personnel files) under this Section 6.3 where such access would violate any law.

6.4 **Due Diligence**. The Company will provide the Purchaser and its advisors with reasonable access to, and copies of, all financial records, books, corporation records, material contracts, constating documents and other documents which the Purchaser may reasonably request prior to the Closing Date of the transaction in order for the Purchaser to satisfy itself as to all matters relating to the business, assets, operations and liabilities of the Company.

6.5 **Payment of Closing Time Indebtedness and Closing Time Transaction Expenses**. Prior to the Closing Time, unless otherwise mutually agreed to by the parties, the Company will pay, or cause to be paid, all of the Transaction Expenses and Indebtedness, and will provide written confirmation thereof to the Purchaser, in form satisfactory to the Purchaser acting reasonably.

6.6 **Escrow Agreement**. At the Closing, each party shall duly execute and deliver to the other, and cause the Escrow Agent to duly execute and deliver to the Purchaser and Vendors, the Escrow Agreement.

6.7 **Further Assurances**. Following the Closing, each of the parties hereto will execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the documents to be delivered hereunder.

6.8 **Purchaser Covenants**. The Purchaser hereby covenants to the Vendors, and acknowledges that each of them is relying on such covenants in connection with the sale of the Company Securities, that the Purchaser (including its successors and assigns, if applicable) will:

(a) duly and validly create, authorize and issue the Purchaser Shares;

(b) have the Purchaser Shares as fully paid and non-assessable common shares in the capital of the Purchaser with attributes corresponding in all material respects to the descriptions set forth in this Agreement;

6.9 **Exclusive Dealing**. Up to earlier of the Closing or the termination of this Agreement pursuant to Article 8 herein (the "**Exclusive Dealing End Time**"), the Vendors will not take any action, directly or indirectly, to encourage, initiate or engage in discussions or negotiations with, or provide any information to any person, other than the Purchaser, concerning any purchase, assignment or transfer of any securities (including but not limited to the Company Securities) or material assets of the Company or any merger, sale or substantial assets or similar transaction involving the Company, and will ensure that the Company does not take any such action, and, for the same period, the Vendors will not enter into any agreement, arrangement or understanding requiring them to abandon, terminate or fail to consummate the transactions or breach this Agreement.

6.10 **Tax Returns**. The Purchaser will cause to be prepared and filed on a timely basis all Tax Returns for the Company for any period which ends on or before the Closing Date and for which Tax Returns have not been filed as of the Closing Date. The Purchaser will also cause to be prepared and filed on a timely basis all Tax Returns for the Company for all taxation periods ending after the Closing Date which commenced before the Closing Date ("**Straddle Periods**", and collectively with the Tax Returns referred to in the first sentence herein, the "**Stub Period Returns**"). Vendors' Representative and the Purchaser will co-operate fully with each other and make available to each other in a timely fashion all data and other information as may reasonably be required for the preparation of all Stub Period Returns and will preserve that data and other information until the expiration of any applicable limitation period for maintaining books and records under any applicable tax law with respect to the Stub Period Returns. The Purchaser will provide to the Company's auditors for its review and approval a copy of the Stub Period Returns.

6.11 **Pre-Closing Dividend**. Notwithstanding Section 6.1(b)(v), the Purchaser acknowledges that the Company will declare a dividend on shares comprising a portion of the Company Securities prior to Closing (the "**Pre-Closing Dividend**"). In addition to any other indemnity provided under this Agreement, the Vendors will severally (and not jointly, or jointly and severally), on a pro rata basis in proportion to their respective entitlements pursuant to the Entitlement Schedule, defend, indemnify and hold harmless the Purchaser, its affiliates and their respective shareholders, directors, officers and employees from and against all claims, judgments, damages, liabilities, settlements, losses, costs and expenses, including legal fees, disbursements and charges, arising from or relating to the Pre-Closing Dividend.

6.12 **Post-Closing Loan**. Concurrent with Closing, BRFT shall enter into, a loan agreement, as lender, with the Company or Purchaser as borrower (the "**Post-Closing Loan Agreement**"), in a form mutually acceptable to BRFT and the Purchaser, pursuant to which the lender thereunder shall extend to the Company an unsecured and subordinated loan facility of up to $10 million on such other terms and conditions as BRFT and the Purchaser may mutually agree upon.

6.13 **Company Options**. The Company shall, pursuant to its incentive stock option plan, accelerate the expiry date of all incentive stock options granted by the Company, such that each such incentive stock option shall expire on a date prior to the Closing Date, except to the extent that such incentive stock options are included as a portion of the Company Securities.

ARTICLE 7
CLOSING CONDITIONS

7.1 **Mutual Conditions Precedent**. The parties are not required to complete the purchase and sale of the Company Securities unless each of the following conditions are satisfied on or prior to the Closing Time, which conditions may only be waived, in whole or in part, subject to applicable laws, by the mutual consent of the Vendors' Representative and the Purchaser:

(a) <u>Approvals</u>. The Purchaser shall have received all necessary prior approvals (including, but not limited to, all necessary shareholder approvals or the approvals of the TSX Venture Exchange) with respect to the transactions contemplated hereunder.

(b) Graduation. The Purchaser shall have received all necessary approvals for the listing of the Purchaser Shares on the TSE, to commence as soon as commercially practiceable following the Closing.

(c) Illegality. No law is in effect that makes the consummation of the transactions contemplated hereunder illegal or otherwise prohibits or enjoins the Purchaser, Vendors or the Company from consummating such transactions.

(d) Offering. The Offering shall have been completed to the Purchaser's satisfaction.

7.2 **Conditions for the Benefit of the Purchaser**. The obligation of the Purchaser to complete the purchase of the Company Securities will be subject to the fulfilment of the following conditions at or before the time of Closing:

(a) Representations, Warranties and Covenants. The representations and warranties of the Vendors made in this Agreement, and any other agreement or document delivered pursuant to this Agreement, will be true and accurate at the time of Closing with the same force and effect as though those representations and warranties had been made as of the time of Closing. The Vendors and the Company will have also complied with all covenants and agreements to be performed or caused to be performed by each of them under this Agreement, and any other agreement or document delivered pursuant to this Agreement, at or before the time of Closing.

(b) Due Diligence. The Purchaser being satisfied, acting reasonably, with its due diligence review of the Company up until the Closing Date.

(c) Conducting Business in Normal Course. From the date of this Agreement, the Company will conduct its business operations in the Ordinary Course with the absence of any material adverse change in, among other things, the financial condition, operations, assets or affairs of the Company until the Closing Date.

(d) Closing Documentation. The Purchaser will have received from or on behalf of the Vendors and the Company the following closing documentation:

(i) certificates for the Company Securities, duly endorsed in blank for transfer to the Purchaser;

(ii) new share certificates representing the shares comprising a portion of the Company Securities registered in the name of the Purchaser;

(iii) certified copy of resolutions of the directors of the Company authorizing the transfer of the Company Securities, the registration of the shares comprising a portion of the Company Securities in the name of the Purchaser and the issuance of new share certificates representing such shares registered in the name of the Purchaser, and the cancellation of the options comprising the remaining portion of the Company Securities;

(iv) duly executed resignations effective as at the time of Closing of each director and officer of the Company (excluding Jason Bailey and Joshua Nilson) if and as specified by the Purchaser;

(v) releases from the Vendors of all claims the Vendors may have, jointly or severally, against the Company;

(vi) all books and records of and related to the Company and the business, including copies of any insurance policies;

(vii) the Escrow Agreement, duly signed by the Vendors' Representative on behalf of the Vendors;

(viii) executed copies of the Payoff Letters, together with releases and terminations of Encumbrances provided for therein, in each case fully executed and acknowledged (as applicable) by each of the applicable respective parties thereto and other customary documents necessary to evidence the release of all related Encumbrances;

(ix) all other necessary documentation, including consents (including (creditors' consents, if any), resolutions (including shareholders' resolutions, if any), approvals, waivers, including waivers of pre-emptive rights, and authorizations, required to enable the transfer of the Company Securities to the Purchaser as provided for in this Agreement;

(x) the Post-Closing Loan Agreement executed by the lender thereto.

Without derogating from the Purchaser's rights or obligations under this Agreement, it is agreed that the Purchaser will act in good faith to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable law to satisfy, or cause to be satisfied, all of the conditions set forth in this Section 7.1, and to consummate the transactions contemplated under this Agreement as promptly as practicable.

7.3 **Waiver of Conditions by the Purchaser**. The conditions set forth in Section 7.1 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.

7.4 **Conditions for the Benefit of the Vendors**. The obligation of the Vendors to complete the sale of the Company Securities will be subject to the fulfilment of the following conditions at or before the time of Closing:

(a) Representations, Warranties and Covenants. The representations and warranties of the Purchaser made in this Agreement, and any other agreement or document delivered pursuant to this Agreement, will be true and accurate at the time of Closing with the same force and effect as though those representations and warranties had been made as of the time of Closing. The Purchaser will have also complied with all covenants and agreements to be performed or caused to be performed by each of them under this Agreement, and any other agreement or document delivered pursuant to this Agreement, at or before the time of Closing.

(b) Board of Directors Nominees. The Purchaser shall have appointed Mike Edwards and Jason Bailey for himself, or his nominee, to its Board of Directors, to serve until the Purchaser's next annual general meeting of its shareholders.

(c) Management. The Purchaser shall have appointed Jason Bailey as the Chief Revenue Officer of the Purchaser (being LEAF Mobile Inc.), and Joshua Nilson as General Manager of the Company (being EastSide Games Inc.).

(d) Due Diligence. The Vendors being satisfied, acting reasonably, with their due diligence review of the Purchaser up until the Closing Date.

(e) Closing Documentation. The Vendors will have received from or on behalf of the Purchaser the following closing documentation:

(i) payment of the Closing payment described under and in accordance with Section 2.3(b) herein, by way of wire transfer or certified cheque, to the Vendors' Solicitors or as Vendors' Representative, may direct; and

(ii) evidence in form satisfactory to Vendors' Representative, acting reasonably, confirming the issuance of the Purchaser Shares in accordance with Section 2.3(d) herein.

7.5 **Waiver of Conditions by the Vendors**. The conditions set forth in Section 7.3 are for the exclusive benefit of the Vendors and may be waived by Vendors' Representative, in writing in whole or in part on or before the Closing Date.

ARTICLE 8
TERMINATION

8.1 **Termination**.

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

(i) by the mutual written consent of the Vendors' Representative and the Purchaser;

(ii) by the Purchaser by written notice to Vendors' Representative, if:

(A) the Purchaser is not then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by the Vendor or the Company under this Agreement that would give rise to the failure of any of the conditions specified in Article 7 and such breach, inaccuracy or failure cannot be cured by the Vendors on or before Closing; or

(B) any of the conditions set forth in Section 7.1 or 7.2 will not have been fulfilled on or before Closing, unless such failure will be due to the failure of the Purchaser to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it before the Closing;

(iii) by Vendors' Representative, and the Company by written notice to the Purchaser if:

(A) none of the Vendors nor the Company are then in material breach of any provision of this Agreement and there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by the Purchaser under this Agreement that would give rise to the failure of any of the conditions specified in Article 7 and such breach, inaccuracy or failure cannot be cured by the Purchaser on or before Closing; or

(B) subject to (iv) below, any of the conditions set forth in Section 7.1 or 7.4 will not have been fulfilled on or before Closing, unless such failure will be due to the failure of a Vendor to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it before the Closing;

(iv) by the Company or the Purchaser in the event that the Closing has not occurred on or prior to December 31, 2020 (the "**Outside Date**"; for greater clarity, the term "Outside Date" includes any extensions set forth herein), provided that, if on the initial Outside Date, any of the conditions set forth in Section 7.1 or 7.2(d) are not satisfied but all other conditions to Closing in Section 7.2 or 7.3 are satisfied or waived (other than those conditions that by their nature are to be satisfied at Closing, but subject to those conditions being capable of being satisfied), then the Purchaser may, by providing written notice to the Company prior to 5:00PM Vancouver time on the initial Outside Date, extend the Outside Date to January 31, 2021, in which event the Outside Date shall be deemed for all purposes of this Agreement to be such later date; provided that, in any event, none of the parties may terminate the Agreement pursuant to this Section 8.1(a)(iv) if the failure of the Closing to occur on or before the Outside Date has been caused by, or is a result of, a breach by such party of any of its representations or warranties or the failure of such party to perform any of its covenants or agreements under this Agreement.

(b) In the event of the termination of this Agreement in accordance with this Article 8, this Agreement will forthwith have no further force or effect and there will be no liability on the part of any party hereto except:

(i) as set forth in this Article 8 and Article 12; and

(ii) that nothing herein will relieve any party hereto from liability for any intentional breach of any provision hereof.

ARTICLE 9
INDEMNIFICATION

9.1 **Survival**. All representations, warranties, covenants and agreements contained herein and all related rights to indemnification will survive the Closing for a period of two years from the Closing Date (the "**Release Date**"), and the parties will have no obligation or liability for indemnification or otherwise with respect thereto after the Release Date except as expressly provided for in this Agreement, or except with respect to claims relating to the fraudulent action or intentional misrepresentation of any of the parties. Notwithstanding the foregoing, any representation, warranty, covenant or obligation, and any obligation or liability for indemnification or otherwise with respect thereto, that would otherwise terminate on the Release Date will continue to survive if a notice for indemnification has been provided under this Article 9 on or prior to the Release Date, until the related claim for indemnification has been satisfied or otherwise resolved as provided for in this Article 9, but such survival shall only be with respect to the matters covered by such notice for indemnification.

9.2 **Indemnification by Vendors**. Subject to the other terms and conditions of this Article 9, the Vendors will severally (and not jointly, or jointly and severally), on a pro rata basis in proportion to their respective entitlements pursuant to the Entitlement Schedule, defend, indemnify and hold harmless the Purchaser, its affiliates and their respective shareholders, directors, officers and employees from and against all claims, judgments, damages, liabilities, settlements, losses, costs and expenses, including legal fees, disbursements and charges, arising from or relating to any:

(a) Inaccuracy in or breach of any of the representations or warranties of such Vendor contained in this Agreement or in any document to be delivered by such Vendor hereunder;

(b) Breach or non-fullfillment of any covenant, agreement or obligation to be performed by such Vendor under this Agreement or any document to be delivered hereunder;

(c) Any Transaction Expenses not included in the Closing Statement; or

(d) Any Actual Effective Time Indebtedness not included in the Closing Statement.

9.3 **Indemnification by the Management Shareholders**. Subject to the other terms and conditions of this Article 9, the Management Shareholders will jointly and severally defend, indemnify and hold harmless the Purchaser, its affiliates and their respective shareholders, directors, officers and employees from and against all claims, judgments, damages, liabilities, settlements, losses, costs and expenses, including legal fees, disbursements and charges, arising from or relating to any:

(a) inaccuracy in or breach of any of the representations or warranties of the Management Shareholders contained in this Agreement or in any document to be delivered hereunder; or

(b) breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Management Shareholders or the Company under this Agreement or any document to be delivered hereunder.

9.4 **Limitation**. Vendors will not be liable for indemnification under Section 9.2 for inaccuracy or breaches of its representations and warranties or breaches or non-fulfillment of any covenant, agreement or obligation to be performed by the Vendor or the Company as set out in this Agreement until the aggregate amount of losses for all such breaches exceeds $50,000 (the "**Deductible**"), in which event the Management Shareholders will only be required to pay or be liable for losses in excess of the Deductible. The aggregate amount of the Management Shareholders' obligations under Article 9 for any claims made under Section 8.3 will not exceed 100% of that portion of the Purchase Price actually paid to the Management Shareholders (for greater clarity, being comprised of the cash consideration and Purchaser Share consideration paid or issued to the Management Shareholders hereunder). Notwithstanding anything to the contrary contained in this Agreement, the Management Shareholders will not be liable under this Article 9 for any consequential, incidental, indirect, special, punitive or exemplary damages. Notwithstanding the foregoing, this Section 9.2 shall not apply with respect to claims made under Section 9.2 arising from or in relation to the gross negligence, fraudulent action or intentional misrepresentation of the Management Shareholders or the Company.

9.5 **Indemnification by Purchaser**. Subject to the other terms and conditions of this Article 9, the Purchaser will defend, indemnify and hold harmless the Vendors, the Company, its affiliates and shareholders, directors, officers and employees from and against all claims, judgments, damages, liabilities, settlements, losses, costs and expense, including legal fees, disbursements and charges, arising from or relating to any:

(a) inaccuracy in or breach of any of the representations or warranties of the Purchaser contained in this Agreement or in any document to be delivered hereunder; or

(b) breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Purchaser under this Agreement or any document to be delivered hereunder.

9.6 **Tax Treatment of Indemnification Payments**. All indemnification payments made by the Vendors or the Company under this Agreement will be treated by the parties as an adjustment to the Purchase Price for tax purposes, unless otherwise required by law.

ARTICLE 10
TAXES

10.1 **Taxes**. The Purchase Price shall be adjusted downward for tax, assessment, additional tax, fee, penalty, interest or other governmental charge imposed by any federal, provincial, commonwealth, county, local, foreign, or other governmental entity (collectively "**Taxes**") as follows:

(a) The Purchaser shall provide Vendors' Representative, with a copy of the Company's final Notice of Assessment issued by the Canada Revenue Agency with respect to the Company's fiscal year ended on the Closing Date, within 7 days of the Company's receipt of same.

(b) If such Notice of Assessment shows Taxes payable by the Company with respect to the Company's fiscal year ended on the Closing Date or the Company owes any other Pre-Closing Taxes, then the Purchase Price shall be adjusted downwards for the amount of such Taxes, and the Vendors shall pay to the Purchaser an amount equal to such Taxes or Pre-Closing Taxes payable within 30 days of its receipt of the Notice of Assessment as contemplated in this Section 10.1.

10.2 **Straddle Period**. For purposes of this Agreement, in the case of any Straddle Period, the amount of Taxes allocable to the Pre-Closing Tax Period portion of the Straddle Period shall be: (a) in the case of Taxes imposed on a periodic basis (such as real or personal property Taxes), the amount of such Taxes for the entire period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period) multiplied by a fraction, the numerator of which is the number of calendar days in the Straddle Period up to and including the Closing Date and the denominator of which is the number of calendar days in the entire relevant Straddle Period; and (b) in the case of Taxes not described in (a) (such as Taxes that are based upon or related to income or receipts, or Taxes that are based upon occupancy or imposed in connection with any sale or other transfer or assignment of property), the amount of any such Taxes shall be determined as if such taxable period ended at the close of the Closing Date.

ARTICLE 11
ESCROW AGREEMENT

11.1 **Escrow Agreement**. The Parties acknowledge that the Escrow Agreement provides for the Indemnity Escrow and the Purchase Price Adjustment Escrow.

11.2 **Indemnity Escrow**. Indemnification claims made by the Purchaser under Article 8 shall be dealt with and paid in accordance with the Escrow Agreement. Any amounts paid to the Purchaser or the Vendors from the Indemnity Escrow in accordance with the foregoing will be disbursed and paid by the Escrow Agent as provided for under the Escrow Agreement and pursuant to the Entitlement Schedule.

11.3 **Purchase Price Adjustment Escrow**. The Escrow Agent will pay the Purchase Price Adjustment Escrow Amount to the Purchaser and/or the Vendors with Section 2.8 herein and as provided for by the Escrow Agreement and pursuant to the Entitlement Schedule.

ARTICLE 12
MISCELLANEOUS

12.1 **Expenses**. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the party incurring such costs and expenses.

12.2 **Notices**.

(a) All notices, requests, consents, claims, demands, waivers and other communications hereunder will be in writing and will be deemed to have been given on the date sent by email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient.

(b) Such communications must be sent to the respective parties at the following email addresses (or at such other email address for a party as will be specified in a notice given in accordance with this Section 12.2):

If to the Vendors or the Company: c/o Jason Bailey
Email: jason@eastsidegamestudio.com

If to the Purchaser: Leaf Mobile Inc.
Email: darcygtaylor@gmail.com

12.3 **Headings**. The headings in this Agreement are for reference only and will not affect the interpretation of this Agreement.

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

12.5 **Entire Agreement**. This Agreement and documents to be delivered hereunder constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and the documents to be delivered hereunder, the Schedules or the Disclosure Letter (other than an exception expressly set forth as such in the Schedules or Disclosure Letter), the statements in the body of this Agreement will control.

12.6 **Successors and Assigns**. This Agreement will be binding upon and will enure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent will not be unreasonably withheld or delayed. No assignment will relieve the assigning party of any of its obligations hereunder.

12.7 **No Third Party Beneficiaries**. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns, and nothing herein, express or implied, is intended to or will confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

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

12.9 **Governing Law**. This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

12.10 **Forum Selection**. Any action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby may be brought in the courts of the Province of British Columbia, and each party irrevocably submits and agrees to attorn to the non-exclusive jurisdiction of such courts in any such action or proceeding.

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

IN WITNESS WHEREOF, the parties hereto, each acting under due and proper authority and intending to be legally bound, have executed this Agreement as of the date first written above.

Execution page follows.

LEAF MOBILE INC.

Per: *(signed) "Darcy Taylor"*

Authorized Signatory

EASTSIDE GAMES INC.

Per: *(signed) "Jason Bailey"*

Authorized Signatory

(signed) "Jason Bailey"

JASON BAILEY, as trustee of the Bailey Ransen Family Trust No. 1

(signed) "Chaya Ransen"

CHAYA RANSEN, as trustee of the Bailey Ransen Family Trust No. 1

(signed) "Galan Akin"

GALAN AKIN

(signed) "Joshua Nilson"

JOSHUA NILSON