

**SHARE PURCHASE AGREEMENT**  
**AMONG**  
**SIMPLY SOLVENTLESS CONCENTRATES LTD.**  
**AND**  
**ANC INC.**  
**AND**  
**SUPER TECHNICAL THINGS & STUFF LTD.**  
**AND**  
**THE SELLERS LISTED ON THE SIGNATURE PAGES HERETO**  
**MADE AS OF**  
**September 25, 2024**

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## SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT is made as of September 25, 2024.

### AMONG:

**SIMPLY SOLVENTLESS CONCENTRATES LTD.**, a corporation existing under the laws of the Province of Alberta (the "**Purchaser**"),

-and-

**ANC INC.**, a corporation existing under the laws of the Province of Alberta (the "**Company**"),

-and-

**SUPER TECHNICAL THINGS & STUFF LTD.**, a corporation existing under the laws of the Province of Alberta (the "**STTS**"),

-and-

Each of the shareholders of the Company and STTS listed on the signature pages hereto (each, a "**Shareholder**" and collectively, the "**Shareholders**")

each a "**Party**" and collectively, the "**Parties**".

### RECITALS:

- A. The Company is engaged in the business of cannabis pre-roll manufacturing, including white-labelling of cannabis pre-roll products and the sale of branded pre-roll products (the "**Business**").
- B. The Shareholders beneficially own and control all of the issued and outstanding shares of the Company, either directly or indirectly through STTS as described further in Schedule D under the heading "*Entity in which Shareholder holds Purchased Shares*".
- C. The Shareholders hereby agree to sell and the Purchaser hereby agrees to purchase all of the issued and outstanding shares of the Company held by the Shareholders not including STTS and all of the issued and outstanding shares of STTS (collectively, the "**Purchased Shares**") upon the terms and conditions set forth herein.

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained, the Parties agree as follows:

### **ARTICLE 1** **INTERPRETATION**

#### 1.01 **Definitions.**

In this Agreement, including the Preamble, Recitals, this Section and the Disclosure Letter, the following capitalized words and phrases shall have the following meanings:

- (a) **"Accounting Firm"** means BDO Canada LLP or such other firm as may be agreed upon in writing by the Parties.
- (b) **"Adjustment Amounts"** has the meaning specified in Section 2.03(2).
- (c) **"Affiliate"** means, in respect of a Person, any other Person or group of Persons acting jointly or in concert, directly or indirectly, that Controls, is Controlled by, or under common Control with, the first mentioned Person, and, for the purposes of this definition; **"Control"** means the possession, directly or indirectly, by such Person or group of Persons acting in concert, of the power to direct or cause the direction of the management and policies of the first mentioned Person, whether through the ownership of voting securities, by contract or otherwise.
- (d) **"Aged Receivables"** means any receivables of the Purchased Corporations which, as at the Closing Time, are over 90 days from the date of invoice.
- (e) **"Agreement"** means this Share Purchase Agreement, together with the Preamble, the Recitals and the Disclosure Letter, all as amended, supplemented or modified from time to time in accordance with the provisions hereof.
- (f) **"Applicable Law"** means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, statutory rules, principles of law, published policies and guidelines, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, including general principles of common and civil law, and the terms and conditions of any grant of approval, permission, authority or licence of any Governmental Entity, and the term **"applicable"** with respect to Applicable Laws and in a context that refers to one or more persons, means that the Applicable Laws apply to the person or persons, or its or their business, undertaking or property, and emanate from a Governmental Entity having jurisdiction over the person or persons or its or their business, undertaking or property.
- (g) **"Applicable Privacy Laws"** means any and all applicable laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial law (including the *Personal Information Protection Act* (Alberta)).
- (h) **"Arbitrator"** has the meaning specified in Section 2.03(5).
- (i) **"Assets"** means all property and assets of each Purchased Corporation of every natural and kind, whether tangible or intangible, and wheresoever situate.
- (j) **"Atema Company Encumbrance"** means the Encumbrance evidenced by registration number 21031210293, in favour of 2009034 Alberta Ltd., as managing partner of Atema Group, as secured party.
- (k) **"Atema Share Encumbrance"** means the Encumbrance evidenced by registration number 23080229347, in favour of 3 Angels Investments Inc., as secured party, in respect of, *inter alia*, the Purchased Shares in the capital of STTS registered to Mike Atema.

- (l) **"Authorization"** means, with respect to any Person, any order, permit, approval, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person.
- (m) **"Best Efforts"** means the commercially reasonable efforts that a prudent Person who desires to complete a transaction would use in similar circumstances to ensure that a closing occurs as expeditiously as possible without the necessity of assuming any material obligations or paying any material amounts to an unrelated third party.
- (n) **"Books and Records"** means books and records of a Party, as applicable, including books of account, general ledgers, personnel records, sales and purchase reports and records, customer and supplier lists, lists of potential customers, customer data, pricing data, referral sources, research and development reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence, and corporate records and other information (whether in written, printed, electronic or computer printout form) relating to a Party, as applicable.
- (o) **"Business"** has the meaning specified in the Recitals.
- (p) **"Business Day"** means a day on which banks are generally open for the transaction of commercial business in Calgary, Alberta but does not, in any event, include a Saturday or a Sunday or statutory holiday under Applicable Law.
- (q) **"Cannabis"** means the substances set out in Schedule I of the *Cannabis Act* (Canada).
- (r) **"Cannabis Licenses"** means, collectively, the Authorizations held by any of the Purchased Corporations as required by the Provincial Cannabis Authority, Provincial Cannabis Legislation, Health Canada or pursuant to the *Cannabis Act* (Canada).
- (s) **"Cash"** means, without duplication, at any time, the aggregate cash and cash equivalents of any kind and any currency (including bank account balances, marketable securities, short term investments, uncashed cheques and cleared cheques) of the Purchased Corporations, calculated in accordance with GAAP.
- (t) **"Cash Adjustment Amount"** has the meaning specified in Section 2.03(2).
- (u) **"Cash Target"** has the meaning specified in Section 2.03(1).
- (v) **"Cause"** has the meaning ascribed to it in the Employment Agreements.
- (w) **"Closing"** means the completion of the purchase and sale of the Purchased Shares and the other transactions contemplated in this Agreement.
- (x) **"Closing Date"** means October 3, 2024 or such other date as may be agreed upon in writing by the Parties.
- (y) **"Closing Time"** has the meaning specified in Section 2.06.
- (z) **"Company"** has the meaning specified in the Preamble.

- (aa) **"Company Financial Statements"** means the financial statements of the Company for the years ended December 31, 2022 and December 31, 2023 and the year-to-date interim financial statements of the Company for the period ending August 31, 2024.
- (bb) **"Company Shareholders"** means the Shareholders holding shares in the capital of the Company directly, being each of Altek Acquisition Partnership, Clayton Bordeniuk and STTS.
- (cc) **"Confidential Information"** means all information, documents and other tangible items which record information, whether on paper, in computer readable format or otherwise, relating to the Purchased Corporations or the Business, which:
  - (i) at the time or times concerned, can be protected as Intellectual Property or a trade secret under Applicable Law, or is otherwise of a proprietary or confidential nature; and
  - (ii) has been, or is from time to time made known to or is otherwise learned by the Shareholders, or any of their Representatives, as a result of ownership and operation of the Purchased Corporations and the Business,

including any proprietary software and business records (including business plans, business results, financial results, budget information, way of doing business, customer information and prospects) of the Purchased Corporations or the Business.
- (dd) **"Consents"** means the consents of the parties to the Contracts to any direct or indirect change of control of the Purchased Corporations or otherwise arising in connection with the transactions contemplated hereby, to the extent required by the terms of any of the Contracts.
- (ee) **"Contingent Consideration"** means the consideration payable by the Purchaser pursuant to Section 2.05.
- (ff) **"Contract"** means any agreement, indenture, contract, lease, deed of trust, license, option, instrument or commitment or undertaking of a Party, whether written or oral.
- (gg) **"D&O Tail Policy"** has the meaning specified in Section 5.09(1).
- (hh) **"Damages"** has the meaning specified in Section 8.01.
- (ii) **"Disclosure Letter"** has the meaning specified in Section 1.10.
- (jj) **"DSL"** means the Domestic Substance List of Canada, from time to time.
- (kk) **"EBITDA"** is calculated as the Business' net income, determined in accordance with International Accounting Standards ("**IAS**") using accounting policies consistent with the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), before interest, bank charges, taxes, gains/losses on disposal of assets, research and development costs, depreciation and amortization expenses; and normalized for the following:
  - (i) items which reflect income or expenses relating to events not expected to re-occur on an ongoing basis;



- (ii) items which are related to events outside of the normal course of operations;
- (iii) items related to expenses that were incurred directly in relation to the Transaction, whether they will be required on an ongoing basis or not;
- (iv) items which reflect adjustments to transactions recorded in the financial statements that were not at market rates; and
- (v) items which reflect pro forma adjustments for transactions not recorded in the financial statements but which are in accordance with IAS accounting noted above.

The normalization adjustments described above will include but not be limited to transaction costs related to this or future transactions and overhead cost allocations. The calculation assumes that the Business is operated in a similar manner as compared to the period prior to Closing. EBITDA shall be calculated in a consistent manner as set out in Schedule A.

- (II) **"Employee Plans"** means all employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, deferred compensation, profit sharing, termination, severance, change of control, pension, retirement, stock option, stock purchase, stock appreciation, phantom stock, savings, health, welfare, medical, dental, disability, life insurance and similar plans, programmes, arrangements or practices relating to the current Employees, former employees, officers or directors of the Purchased Corporations, or their respective dependents or beneficiaries, established, maintained, sponsored or funded by the Purchased Corporations, whether written or oral, funded or unfunded, insured or self-insured, registered or unregistered.
- (mm) **"Employees"** means those individuals described in Section 3.02(z)(v) of the Disclosure Letter who are employed or engaged by the Purchased Corporations, whether such Persons are employed or engaged on a full time, part time or temporary basis or as an independent contractor, including those employees on disability leave, parental leave or other absence.
- (nn) **"Employment Agreements"** means the employment agreements between the Company and each of Clayton Bordeniuk, Tairance Rutter, Thomas Facciolo and James Clarke to be entered into on the Closing Date, each on substantially the same compensation terms as such individuals are presently employed by the Company and providing for six-months severance pay in the event of termination without cause, as set out therein.
- (oo) **"Encumbrances"** means pledges, liens, charges, security interests, leases, title retention agreements, mortgages, restrictions, developments or similar agreements, easements, rights-of-way, title defects, options or adverse claims or encumbrances of any kind or character whatsoever, other than Permitted Encumbrances.
- (pp) **"Environment"** means all components of the earth, air (including all layers of the atmosphere), land (including all underground spaces and cavities and all land submerged under water), soil and water (including surface and underground water), organic and inorganic matter and living organisms and the interacting natural systems that include the components referred to in this definition, and all personal and real

property (including all improvements and appurtenances within upon, under or over such real property) within, upon, under or over the foregoing.

- (qq) **"Environmental Approvals"** means permits, certificates, licences, authorizations, consents, agreements, instructions, directions, registrations or approvals issued, granted, conferred or required by a Governmental Entity pursuant to Environmental Law with respect to the Company and the operation of the Business.
- (rr) **"Environmental Law"** means any Applicable Law relating, in whole or in part, to the protection of, or the control, remediation, reclamation or enhancement of the Environment or which imposes liability as a result of adverse effects to the Environment, including occupational safety, product liability, public health, public safety and transportation or handling of dangerous goods.
- (ss) **"Equity Consideration"** has the meaning specified in Section 2.01(1)(a).
- (tt) **"Escrow Agent"** means Odyssey Trust Company.
- (uu) **"Escrow Agreement"** has the meaning specified in Section 2.04(1).
- (vv) **"EY Fee"** means the fee payable to Ernst & Young LLP in the aggregate amount of \$700,000.00 connection with the transactions contemplated by this Agreement.
- (ww) **"Fiscal Statement"** has the meaning specified in Section 2.05(1)(a).
- (xx) **"Fundamental Representations"** has the meaning specified in Section 8.03(1)(c)(i).
- (yy) **"GAAP"** means accounting principles generally accepted in Canada applicable to private enterprises (Accounting Standards for Private Enterprises or **"ASPE"**) as described and promulgated by the Accounting Standards Board (**"AcSB"**).
- (zz) **"General Security Agreement"** means the general security agreement among the Purchaser and the Seller Representative securing the Purchaser's obligations pursuant to the Promissory Note, substantially in the form attached hereto as Schedule B.
- (aaa) **"Governmental Entity"** means (i) any multinational, federal, provincial, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of or in lieu of any of the above.
- (bbb) **"Hazardous Substances"** means any substance or material that is prohibited, controlled or regulated under any Environmental Law, including any sound, heat, vibration, radiation or other form of energy, contaminant, pollutant, dangerous substance, toxic substance, designated substance, controlled product, hazardous waste, subject waste, hazardous material, dangerous good or petroleum, its derivatives, by-products or other hydrocarbons.
- (ccc) **"Indebtedness"** means any liability, for borrowed money (including bank loans, lines of credit and loans from related parties), or evidenced by an instrument for the payment of money, or incurred in connection with the acquisition of any property, services or

assets (including securities), or relating to a capitalized lease obligation, or any other obligation that meets the definition of a liability in accordance with GAAP, other than, in each case (A) accounts payable representing unsecured claims of trade creditors created or assumed in the Ordinary Course of Business in connection with the obtaining of materials or services that are included in Net Working Capital, and (B) any other liability that is included in Net Working Capital.

- (ddd) **"Indemnified Party"** means the Purchaser or the Shareholders, as applicable.
- (eee) **"Indemnifying Party"** has the meaning specified in Section 8.06(1).
- (fff) **"Indemnity Threshold"** has the meaning specified in Section 8.04(1).
- (ggg) **"Information Technology"** means all computer hardware, software (including source code and object code, documentation, interfaces and development tools), databases, telecommunications equipment and facilities and other information technology systems used or held by the Purchased Corporations.
- (hhh) **"Intellectual Property"** means: (i) any trademarks, trade names, business names (including, but not limited to, "ANC Solutions", "34 Street Seed Co.", "Status" and "Bagseed"), brand names, service marks, computer software, computer programs, copyrights, including any performing, author or moral rights, industrial designs, inventions, patents, franchises, formulas, process, know-how, technology and related goodwill of the each of the Purchased Corporations; (ii) any applications, registrations, issued patents, pending patent applications in any jurisdiction, licence agreements, continuations in part, divisional applications or analogous rights or licence rights of each of the Purchased Corporations; and (iii) all other intellectual or industrial property of each of the Purchased Corporations.
- (iii) **"Interim Period"** means the period between the close of business on the date of this Agreement and the Closing.
- (jjj) **"Inventory"** or **"Inventories"** means the inventory of each of the Purchased Corporations for sale or other distribution in the Ordinary Course of the Business, including all Cannabis, dried Cannabis, raw materials, Cannabis product inventory, and all related accessories and paraphernalia.
- (kkk) **"Leased Properties"** means the lands and premises listed and described in Section 3.02(r) of the Disclosure Letter by reference to their municipal address.
- (III) **"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 any Purchased Corporation.
- (mmm) **"Letter of Intent"** means the letter of intent between the Purchaser and the Company dated September 5, 2024 and accepted as of September 9, 2024.
- (nnn) **"Material Adverse Change"** or **"Material Adverse Effect"** means, with respect to the Purchased Corporations or the Business, taken as a whole, any change, effect, state of facts, circumstance, occurrence or event, that, individually or in the aggregate is, or would reasonably be expected to be, material and adverse to the business, operations, assets, financial condition or prospects of the Purchased Corporations or the Business,

other than any effect, event, change, state of facts, circumstance, occurrence or event resulting from or arising in connection with:

- (i) any change affecting the cannabis industry generally;
- (ii) any change in generally accepted accounting principles, Taxes or Applicable Laws, or in their interpretation, application or non-application by any Governmental Entity;
- (iii) any change in general economic or political conditions;
- (iv) any change in financial, credit, currency exchange, or securities markets in general;
- (v) any natural disaster or calamity;
- (vi) any pandemic, epidemic or similar health emergency; or
- (vii) war, armed hostilities or acts of terrorism,

unless it relates primarily to (or has the effect of relating primarily to) any of the Purchased Corporations, or adversely affects the Purchased Corporations disproportionately, compared to other businesses of a similar size operating in the same industry and geographic areas as the Purchased Corporations.

(ooo) **"Material Contract"** means each of the following Contracts which any of the Purchased Corporations is a party to or bound by:

- (i) Supply and Distribution Agreement, between Icannagroup USA Inc. and ANC Inc., dated October 10, 2023;
- (ii) that, if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect on the Purchased Corporations;
- (iii) under which Indebtedness in excess of \$50,000 is or may become outstanding;
- (iv) 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;
- (v) any trust indenture, mortgage, promissory note, loan agreement or other Contract 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;
- (vi) under which the any of the Purchased Corporations is obligated to make or expects to receive payments in excess of \$50,000 over the remaining term;
- (vii) that creates an exclusive dealing arrangement or right of first offer or refusal;

- (viii) providing for the purchase, sale or exchange of, or option to purchase, sell or exchange, any property or asset where the purchase or sale price or agreed value or fair market value of such property or asset exceeds \$50,000;
  - (ix) any continuing contract involving the performance of services, delivery of goods or materials, or payments to or by one or more of the Purchased Corporations of an amount or value in excess of \$50,000;
  - (x) any Contract that expires or may be renewed at the option of any Person other than the applicable Purchased Corporation so as to expire more than one year after the date of this Agreement;
  - (xi) any Contract made out of the Ordinary Course of Business including any Contract for the purchase of real property;
  - (xii) any distributor, sales, advertising, agency or manufacturer's representative Contract;
  - (xiii) any Contract with any Person with whom any Purchased Corporation or any Shareholder does not deal at arm's length within the meaning of the *Tax Act*;
  - (xiv) that limits or restricts in any material respect (A) the ability of the Purchased Corporations to engage in any line of business or carry on the Business in any geographic area or (B) the scope of Persons to whom the Purchased Corporations may sell products;
  - (xv) providing for the establishment, investment in, organization or formation of any joint venture or other revenue sharing arrangements in which the interest of any of the Purchased Corporations has a fair market value that exceeds \$25,000; or
  - (xvi) any Contract that is material to the Business.
- (ppp) **"Net Working Capital"** means, as of the Closing Date, in respect of the Purchased Corporations, the sum of: (i) Cash; (ii) accounts receivable, excluding Aged Receivables, (iii) Inventory, (iv) deposits; (v) prepaid expenses and (vi) income taxes recoverable; less the sum of: (A) accounts payable, (B) accrued liabilities, (C) customer deposits, (D) income taxes payable, and (E) other current liabilities.
- (qqq) **"Net Working Capital Target"** has the meaning specified in Section 2.03(1).
- (rrr) **"Non-Competition and Non-Solicitation Agreements"** means, collectively, the non-competition and non-solicitation agreements among the Purchaser, the Company and each of the Shareholders to be entered into on the Closing Date, which will have a term of 48 months from the Closing Date.
- (sss) **"NWC Adjustment Amount"** has the meaning specified in Section 2.03(2).
- (ttt) **"Objection Date"** has the meaning specified in Sections 2.03(3), 2.05(2) or 2.06(2), as applicable.
- (uuu) **"OHSA"** has the meaning specified in Section 3.02(z)(viii).

- (vvv) **"Ordinary Course"** means, with respect to an action taken by a Person, that such action is consistent with the past practices of the Person and is taken in the ordinary course of business of the Person.
- (www) **"Outside Date"** means November 15, 2024.
- (xxx) **"Party"** and **"Parties"** have the meanings specified in the Preamble.
- (yyy) **"Patent Consideration"** means the consideration payable by the Purchaser pursuant to Section 2.06.
- (zzz) **"Patent Fiscal Statement"** has the meaning specified in Section 2.06(1)(a).
- (aaaa) **"Patent Overage Amount"** has the meaning specified in Section 2.06(1)(d).
- (bbbb) **"Patent Reverse Earnout Amount"** means \$ [REDACTED].
- (cccc) **"Patent Reverse Earnout Period"** has the meaning specified in Section 2.06(1)(b).
- (dddd) **"Patent Reverse Earnout Note"** means that certain unsecured patent reverse earnout promissory note to be issued at Closing, to be issued by the Purchaser in favour of the Shareholders, in the principal amount of the Patent Reverse Earnout Amount, subject to automatic downward adjustment in accordance with Section 2.06, substantially in the form attached as Schedule H.
- (eeee) **"Patent Reverse Earnout Statement"** has the meaning specified in Section 2.06(1)(b).
- (ffff) **"Permitted Encumbrances"** means:
- (i) encumbrances for Taxes and other governmental charges not yet due and delinquent and for which an appropriate reserve has been made in accordance with GAAP in the Company Financial Statements;
  - (ii) mechanic's, construction and carrier's liens and other similar liens arising by operation of law or statute in the ordinary course of the Business, provided that such liens are related to obligations that are not yet due or delinquent, are not registered against title to any Assets, are in respect of which adequate holdbacks are being maintained as required by Applicable Law, and which obligations will be paid or discharged in the Ordinary Course of the Business;
  - (iii) unregistered Encumbrances of any nature claimed or held by His Majesty The King in Right of Canada, His Majesty The King in right of any province of Canada in which the Leased Properties are located, or any Governmental Entity under any Applicable Law, except for unregistered liens for unpaid realty Taxes, assessments and public utilities;
  - (iv) easements, encroachments and other minor imperfections of title which do not, individually or in the aggregate, materially detract from the value of or impair the use or marketability of any real property;
  - (v) any right of expropriation conferred upon, reserved to or vested in His Majesty The King in Right of Canada, His Majesty The King in right of any province of

- Canada in which the Leased Properties are located, or any Governmental Entity under any Applicable Law;
- (vi) reservations, limitations, provisos, conditions, restrictions and exceptions in letters patent or grant, as the case may be, from the Crown and statutory exceptions to title; and
  - (vii) those encumbrances disclosed in Section 1.01(yyy) of the Disclosure Letter, but only to the extent such encumbrances listed and described conform to their description.
- (gggg) **"Person"** includes an individual, partnership, association, body corporate, trustee, executor, legal representative, government, regulatory authority or other entity.
- (hhhh) **"Personal Information"** means information in the possession of the Purchased Corporations about an identifiable individual, but does not include the name, title or business address or telephone number of an Employee, provided the collection, use or disclosure, as the case may be, of the business contact information is for the purposes of contacting an individual in that individual's capacity as an Employee or an official of an organization and for no other purpose.
- (iiii) **"Pre-Closing Straddle Period"** has the meaning specified in Section 5.08(1).
- (jjjj) **"Proceeding"** has the meaning specified in Section 8.06(2).
- (kkkk) **"Promissory Note"** means the non-interest bearing secured promissory note to be substantially in the form attached hereto as Schedule C to be issued by the Purchaser in favour of the Shareholders in the aggregate principal amount of \$7,000,000 and secured by the General Security Agreement.
- (llll) **"Proprietary Information Technology"** means all proprietary computer hardware, proprietary software (including source code and object code, documentation, interfaces and development tools), websites, proprietary databases and any other proprietary information technology systems used by any of the Purchased Corporations in the Business.
- (mmmm) **"Provincial Cannabis Authority"** means the Alberta Gaming, Liquor and Cannabis Commission, and any other provincial or territorial Governmental Entity regulating or with licensing authority with respect to Cannabis.
- (nnnn) **"Provincial Cannabis Legislation"** means Applicable Law enacted by provinces and territories in Canada that govern the distribution, sale, and use of Cannabis.
- (oooo) **"Public Statement"** has the meaning specified in Section 10.03.
- (pppp) **"Purchase Price"** has the meaning specified in Section 2.01.
- (qqqq) **"Purchased Corporations"** means collectively, the Company and STTS and a **"Purchased Corporation"** means any one of the Company or STTS, as applicable.
- (rrrr) **"Purchased Shares"** has the meaning specified in the Recitals.
- (ssss) **"Purchaser"** has the meaning specified in the Preamble.

- (tttt) **"Release"** has the meaning prescribed in any Environmental Law and includes any release, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction, of any substance or thing, whether accidental or intentional.
- (uuuu) **"Remedial Order"** means an order issued, filed, imposed or threatened by any Governmental Entity pursuant to any Environmental Law and includes orders requiring (i) investigation, assessment or remediation of any site or Hazardous Substance, (ii) that any Release or any other activity be reduced, modified or eliminated, or (iii) that any form of payment or co-operation be provided to any Governmental Entity.
- (vvvv) **"Representative"** means, with respect to any Party, any of its Affiliates or any of its or their respective current and former directors, officers, employees, agents, counsel, financial advisors, accountants or other professional advisors.
- (wwwv) **"Required Consents"** means those Consents and Authorizations listed and described in Section 3.02(ff) of the Disclosure Letter.
- (xxxx) **"Reverse Earnout Amount"** means \$3,500,000.
- (yyyy) **"Reverse Earnout Note"** means that certain unsecured reverse earnout promissory note issued on Closing, issued by the Purchaser in favour of the Shareholders, in the principal amount of the Reverse Earnout Amount, subject to automatic downward adjustments in accordance with Section 2.05, substantially in the form attached as Schedule G.
- (zzzz) **"Reverse Earnout Period"** has the meaning specified in Section 2.05(1)(b).
- (aaaaa) **"Reverse Earnout Statement"** has the meaning specified in Section 2.05(1)(b).
- (bbbbb) **"Securities Regulatory Authority"** means the securities commissions or similar securities regulatory authorities of each of the provinces and territories of Canada.
- (ccccc) **"Seller Representative"** has the meaning specified in Section 2.08(1).
- (ddddd) **"Shareholders"** has the meaning specified in the Recitals.
- (eeeeee) **"Shareholders' Counsel"** means Gowling WLG (Canada) LLP.
- (fffff) **"Specified Patents"** means those patents listed in Section 1.01(fffff) of the Disclosure Letter, together with any rights of priority and all rights in continuations, continuations in part, divisions, re-examinations, re-issues and other derivative applications and patents related to those patents listed in Section 1.01(fffff) of the Disclosure Letter.
- (ggggg) **"Specified Patents Calculation"** means an amount equal to 25% multiplied by the amount of EBITDA directly attributable to the royalty or similar payments received in respect of, and the cost of enforcing, the Specified Patents.
- (hhhhh) **"SSC Shares"** means common shares in the capital of the Purchaser.



- (iiii) **"SSC Unit"** means a unit of SSC, each SSC Unit comprised of one SSC Share and one-half of one SSC Warrant.
- (jjjj) **"SSC Warrant"** means a warrant to purchase one SSC Share, each whole warrant exercisable at the price of \$0.75 per SSC Share for a period of two years from the date of issuance.
- (kkkk) **"STTS Shareholders"** means the Shareholders holding shares in the capital of the Company indirectly through STTS, being each of Tairance Rutter, James Clarke, Thomas Facciolo, Meow Meow Industries Inc., Sillyfish Inc. and 2569706 Alberta Ltd.
- (llll) **"STTS Representations"** has the meaning specified in Section 8.03(1)(c)(i).
- (mmmm) **"Straddle Period"** has the meaning specified in Section 5.08(1).
- (nnnn) **"Tangible Personal Property"** means machinery, equipment, furniture, furnishings, office equipment, computer hardware, supplies, materials, vehicles, material handling equipment, laboratory materials and supplies, implements, parts, tools, jigs, dies, moulds, patterns, tooling and spare parts and tangible assets owned by any of the Purchased Corporations.
- (oooo) **"Tax Act"** means the *Income Tax Act* (Canada) and the regulations promulgated pursuant thereto, each as amended.
- (pppp) **"Tax Returns"** means all returns, reports, declarations, elections, statements, bills, schedules, forms or written information of, or in respect of, Taxes that are, or are required to be, filed with or supplied to any Governmental Entity in respect of Taxes.
- (qqqq) **"Taxes"** means all federal, state, provincial, territorial, county, municipal, local or foreign taxes, duties, imposts, levies, assessments, tariffs and other charges imposed, assessed or collected by a Governmental Entity including, (i) any gross income, net income, gross receipts, business, royalty, capital, capital gains, goods and services, value added, severance, stamp, franchise, occupation, carbon, fuel premium, capital stock, sales and use, real property, land transfer, personal property, ad valorem, transfer, licence, profits, windfall profits, environmental, payroll, employment, employer health, pension plan, anti-dumping, countervail, excise, severance, stamp, occupation, withholding, or premium tax, (ii) all employment insurance premiums, Canada, Québec and any other pension plan contributions or premiums, (iii) any fine, penalty, interest, or addition to tax levied, including in respect of (i) and (ii) above.
- (rrrr) **"Transferred Information"** means the Personal Information to be disclosed or conveyed to the Purchaser or any of its Affiliates by or on behalf of any of the Purchased Corporations as a result of or in connection with the transactions contemplated herein, and includes all such Personal Information disclosed to the Purchaser or any of its Affiliates during the period leading up to and including the completion of the transaction contemplated herein.
- (ssss) **"TSXV"** means the TSX Venture Exchange.
- (tttt) **"U.S. Securities Act"** means the *U.S. Securities Act of 1933*, as amended.

1.02            **Gender and Number.**

Any reference in this Agreement to gender includes all genders and words importing the singular number only will include the plural and vice versa.

1.03            **Headings, etc.**

The headings of the Articles and Sections of this Agreement have been inserted for convenience of reference only and shall not be used in any way in construing or interpreting any provisions hereof.

1.04            **Currency.**

All references in this Agreement to dollars, unless otherwise specifically indicated, are expressed in Canadian currency.

1.05            **Certain Phrases, etc.**

In this Agreement: (i) the words "including" and "includes" mean "including (or includes) without limitation", and the phrase "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"; (ii) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding"; and (iii) the words "hereunder", "herein" and "hereof" refer to provisions of this Agreement, and, unless expressly provided otherwise, references to Articles and Sections herein refer to articles, sections or subsections of this Agreement.

1.06            **Knowledge.**

Where any representation or warranty is expressly qualified by reference to the knowledge of the Shareholders, it will be deemed to refer to the knowledge of Clayton Bordeniuk, Tairance Rutter, Thomas Facciolo or James Clarke, or the knowledge that such individuals have or would have obtained, after making due and reasonable inquiries.

1.07            **Accounting Terms.**

All accounting terms not specifically defined in this Agreement will be interpreted in accordance with GAAP.

1.08            **Statute.**

Any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, and all amendments made thereto and enforced from time to time, and to any statute or regulation that may be passed which has the effect of supplementing the statute so referred to or the regulations made pursuant thereto.

1.09            **Incorporation of Schedules.**

The following Schedules are attached hereto and made part of this Agreement:

- |            |   |                            |
|------------|---|----------------------------|
| Schedule A | - | Statement of EBITDA        |
| Schedule B | - | General Security Agreement |

Schedule C	- Promissory Note
Schedule D	- Allocation of Purchase Price
Schedule E	- Illustrative Adjustment Calculation
Schedule F	- Patent Consideration Calculation
Schedule G	- Reverse Earnout Note
Schedule H	- Patent Reverse Earnout Note

#### 1.10 **Incorporation of Disclosure Letter.**

A disclosure letter shall be delivered by the Company and the Shareholders to the Purchaser (the "**Disclosure Letter**") concurrently with the execution of this Agreement and, when taken together, the Disclosure Letter, the forms and agreements referenced therein and this Agreement shall be deemed to constitute one and the same instrument.

### **ARTICLE 2** **PURCHASE AND SALE**

#### 2.01 **Purchase and Sale of Purchased Shares.**

(1) The Shareholders hereby agree to sell, assign and transfer to the Purchaser and the Purchaser hereby agrees to purchase and receive from the Shareholders, all of the Shareholders' right, title and interest in and to the Purchased Shares. The aggregate purchase price (the "**Purchase Price**") for the Purchased Shares shall be comprised of:

- (a) \$3,000,000, satisfied by the issuance of SSC Units at a price of \$0.50 per SSC Unit (the "**Equity Consideration**") and in accordance with Section 2.02(1)(a);
- (b) the issuance of the Promissory Note;
- (c) the Reverse Earnout Amount; and
- (d) the Patent Reverse Earnout Amount.

(2) The Purchase Price shall be subject to adjustment in accordance with the terms of this Agreement.

#### 2.02 **Payment of the Purchase Price.**

(1) On Closing, the Purchaser will satisfy a portion of the Purchase Price, subject to adjustment in accordance with this Agreement, by delivering to the Seller Representative, on behalf of the Shareholders:

- (a) certificates or direct registration system statements representing the securities underlying the Equity Consideration, registered as directed by the Seller Representative;
- (b) the issuance of the Promissory Note;
- (c) the issuance of the Reverse Earnout Note; and

- (d) the issuance of the Patent Reverse Earnout Note.
- (2) The allocation of the Purchase Price payable to each Shareholder shall be as set out in Schedule D.

## 2.03 Purchase Price Adjustment.

(1) Net Working Capital. The Purchase Price shall be adjusted on a dollar for dollar basis in accordance with Section 2.03(6) effective as of the Closing Date: (a) if the Net Working Capital as at the Closing Time is determined to be greater than or less than \$2,000,000 (the "**Net Working Capital Target**") and/or; (b) if, without duplication with respect to (a), the Cash as at the Closing Time is determined to be greater than or less than \$600,000 (the "**Cash Target**"). For greater certainty and notwithstanding anything to the contrary herein, to the extent that the cost of the D&O Tail Policy is paid by the Purchaser or any of the Purchased Corporations following the Closing Date, the cost of the D&O Tail Policy will be considered a current liability of the Purchased Corporations as at the Closing Time for the purposes of calculating the Net Working Capital pursuant to this Section 2.03.

(2) Calculation of Adjustment Amount. No later than 90 days following the Closing Date, the Seller Representative, on behalf of the Shareholders, shall prepare and deliver a final statement showing the calculated Net Working Capital amount as at the Closing Time (the "**NWC Adjustment Amount**") and the Cash amount as of the Closing Time (the "**Cash Adjustment Amount**" and together with the NWC Adjustment Amount, the "**Adjustment Amounts**") to the Purchaser. The methodology used and assumptions made by the Seller Representative to prepare the final statement shall be consistent with the methodology used and assumptions made by the Company in the preparation of the Company Financial Statements and with the illustrative calculation set out in Schedule E, provided that such methodology and assumptions are in accordance with GAAP and provided further that in the event of an inconsistency between GAAP and the application in prior periods, that GAAP shall take precedence.

(3) Seller Representative's Objections. If the Purchaser believes that any change is required to be made to the Adjustment Amounts as prepared by the Seller Representative, it shall, on or before that date which is fifteen (15) Business Days following its receipt of the Adjustment Amounts (the "**Objection Date**"), give written notice to the Seller Representative of any such proposed change, including the reason for such change. If the Purchaser does not so notify the Seller Representative of any proposed change on or before the Objection Date, then the Purchaser shall be deemed to have accepted the Adjustment Amounts.

(4) Settlement by Accounting Firm. If the Purchaser gives written notice to the Seller Representative of any proposed change to the Adjustment Amounts on or before the Objection Date, and if the proposed change is disputed by the Seller Representative and the Parties fail to resolve the dispute within ten (10) Business Days after the Objection Date, then the Accounting Firm shall be engaged by the Parties forthwith to resolve the dispute and the Accounting Firm shall be requested to render its decision without qualifications, other than the usual qualifications relating to engagements of this nature, within fifteen (15) Business Days after the dispute is referred to it. The decision of the Accounting Firm shall be final and binding as between the Shareholders and the Purchaser and shall not be subject to appeal by either Party. The fees and expenses of the Accounting Firm shall be shared, one half to the Shareholders and one half to the Purchaser.

(5) Settlement by Arbitrator. If the Accounting Firm cannot or will not make a decision in the manner and within the time provided above, the Purchaser and the Seller Representative shall refer such matter to a mutually acceptable third party (the "**Arbitrator**") to arbitrate the dispute as a single arbitrator in accordance with the *Arbitration Act* (Alberta) within 45 days after the Objection Date. If agreement cannot be reached between the Shareholders and the Purchaser as to the

Arbitrator, a judge of competent jurisdiction shall select the Arbitrator. The decision of the Arbitrator with respect to any matter in dispute (including as to all procedural matters) shall be final and binding on the Shareholders and the Purchaser and shall not be subject to appeal by either Party. The fees and expenses of the Arbitrator shall be shared, one half to the Shareholders and one half to the Purchaser.

(6) Adjustment. Upon agreement with respect to all matters in dispute, or upon a decision of the Accounting Firm or the Arbitrator, as applicable, with respect to all matters in dispute in the manner set forth herein, such amendments shall be made to the Adjustment Amounts as may be necessary to reflect such agreement or such decision, as the case may be, and as described below:

- (a) if:
  - (i) the NWC Adjustment Amount is determined to be less than the Net Working Capital Target, the Purchase Price shall be decreased on a dollar for dollar basis by an amount equal to the amount by which the Net Working Capital Target exceeds the NWC Adjustment Amount; and
  - (ii) without duplication with respect to any adjustment made pursuant to 2.03(6)(a)(i), if the Cash Adjustment Amount is determined to be less than the Cash Target, the Purchase Price shall be decreased on a dollar for dollar basis by an amount equal to the amount by which the Cash Target exceeds the Cash Adjustment Amount; or
- (b) if:
  - (i) the NWC Adjustment Amount is determined to be greater than the Net Working Capital Target, the Purchase Price shall be increased on a dollar for dollar basis by an amount equal to the amount by which the Net Working Capital Target is less than the NWC Adjustment Amount; and
  - (ii) without duplication with respect to any adjustment made pursuant to 2.03(6)(b)(i), if the Cash Adjustment Amount is determined to be greater than the Cash Target, the Purchase Price shall be increased on a dollar for dollar basis by an amount equal to the amount by which the Cash Target is less than the Cash Adjustment Amount.

(7) Payment of Adjustment.

- (a) If the Purchase Price is decreased pursuant to Section 2.03(6), the Shareholders shall pay to the Purchaser their pro rata amount (reflected in the allocation set out in Schedule D) of such decrease to the Purchase Price in cash.
- (b) If the Purchase Price is increased pursuant to Section 2.03(6), the Purchaser shall pay to Shareholders' Counsel, in trust for the Shareholders, the increase to the Purchase Price, in cash, such amount to be allocated to the Shareholders in the same proportion as their allocation of the Purchase Price set out in Schedule D.
- (c) Any amounts to be paid pursuant to Section 2.03(6) will be paid by wire transfer of immediately available funds within five Business Days after the Adjustment Amounts are finally determined pursuant to Section 2.03(6).

- (d) The Purchaser shall be entitled to set-off any amounts payable to the Purchaser by the Shareholders pursuant to this Section 2.03(6) against any amounts owing to the Shareholders pursuant to the Promissory Note, the Contingent Consideration or the Patent Consideration.

#### 2.04 **Equity Consideration.**

(1) On Closing, the Purchaser, the Escrow Agent, the Shareholders and the Seller Representative will enter into an escrow agreement (the "**Escrow Agreement**") pursuant to which the Equity Consideration will be held in escrow and released in accordance with the following schedule:

- (a) 20% of the Equity Consideration will be released on April 1, 2025;
  - (b) 20% of the Equity Consideration will be released on July 1, 2025;
  - (c) 20% of the Equity Consideration will be released on October 1, 2025;
  - (d) 20% of the Equity Consideration will be released on January 1, 2026; and
  - (e) 20% of the Equity Consideration will be released on April 1, 2026.
- (2) Each Shareholder acknowledges and agrees for the benefit of the Purchaser that:
- (a) the securities comprising the Equity Consideration will not, when issued to the Shareholders in accordance herewith, have been qualified for distribution in Canada or any province or territory of Canada or elsewhere by the filing of a prospectus with any Securities Regulatory Authority or otherwise; and
  - (b) the securities comprising the Equity Consideration have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and these securities may not be offered or sold, directly or indirectly, in the United States without registration under the U.S. Securities Act or compliance with requirements of an exemption from registration and the Applicable Laws of all applicable states and acknowledges that the Purchaser has no present intention of filing a registration statement under the U.S. Securities Act in respect of the securities comprising the Equity Consideration.

(3) The Purchaser acknowledges and agrees that, in the event that Clayton Bordeniuk, Tairance Rutter, Thomas Facciolo or James Clarke, being the individuals signing the Employment Agreements, are terminated by the Company without Cause, at any time following the Closing Date, being the date at which each of the respective Employment Agreements will be entered into, the Purchaser shall do all such things as are required, including pursuant to the Escrow Agreement, to have all of the Equity Consideration for such terminated individual that has not been released from escrow immediately released from escrow.

#### 2.05 **Contingent Consideration.**

(1) The Reverse Earnout Amount shall be payable by the Purchaser to the Shareholders subject to the following terms and conditions:

- (a) Reverse Earnout Note. Subject to the conditions set forth in this Section 2.05, the Shareholders shall be entitled to the Reverse Earnout Amount, or a portion of the Reverse Earnout Amount, as the case may be. The Parties agree that the Purchaser's

obligation to pay the Reverse Earnout Amount, or a portion of the Reverse Earnout Amount, as the case may be, in respect of the Reverse Earnout Period will be evidenced by the issuance of the Reverse Earnout Note, the principal amount of which shall be subject to downward reduction in accordance with this Section 2.05, and which shall be paid by the Purchaser to Shareholders' Counsel, in trust for the Shareholders, in accordance with this Section 2.05.

- (b) Fiscal Statement. Within 30 days of the first anniversary of the Closing Date (such 12-month period, the "**Reverse Earnout Period**"), the Seller Representative, on behalf of the Shareholders, shall deliver to the Purchaser a financial statement (the "**Fiscal Statement**") in respect of the Reverse Earnout Period and a statement setting out the EBITDA calculation and the Contingent Consideration payable for the Reverse Earnout Period (each a "**Reverse Earnout Statement**"). The Fiscal Statement shall be prepared in accordance with GAAP, consistently applied and the Reverse Earnout Statement shall be prepared in accordance with the related Fiscal Statements and with methodology used and assumptions made by the Company in the preparation of Schedule A.
- (c) Reverse Earnout Note Principal Amount Reduction. For the Reverse Earnout Period:
  - (i) in the event that the EBITDA of the Company is less than \$999,999, a total of \$3,500,000 shall be deducted from the principal amount owed under the Reverse Earnout Note;
  - (ii) in the event that the EBITDA of the Company is equal to or greater than \$1,000,000 but less than \$2,000,000, a total of \$2,000,000 shall be deducted from the principal amount owed under the Reverse Earnout Note;
  - (iii) in the event that the EBITDA of the Company is equal to or greater than \$2,000,000 but less than \$3,000,000, a total of \$1,500,000 shall be deducted from the principal amount owed under the Reverse Earnout Note;
  - (iv) in the event that the EBITDA of the Company is equal to or greater than \$3,000,000 but less than \$4,000,000, a total of \$1,000,000 shall be deducted from the principal amount owed under the Reverse Earnout Note; or
  - (v) in the event that the EBITDA of the Company is equal to or greater than \$4,000,000, no amount shall be deducted from the principal amount owed under the Reverse Earnout Note;
- (d) Any amounts deducted from the Reverse Earnout Amount pursuant to this Section 2.05, shall be deemed a decrease to the Purchase Price.

(2) Purchaser's Objections. If the Purchaser believes that any change is required to be made to a Fiscal Statement or Reverse Earnout Statement as prepared by the Seller Representative, it shall, on or before that date which is fifteen (15) Business Days following its receipt of that Fiscal Statement or Reverse Earnout Statement (each, an "**Objection Date**"), give written notice to the Seller Representative of any such proposed change, including the reason for such change. If the Purchaser does not so notify the Seller Representative of any proposed change on or before the relevant Objection Date, then the Purchaser shall be deemed to have accepted the Fiscal Statement and Reverse Earnout Statement. If the Purchaser gives written notice to the Seller Representative of any proposed change to the Fiscal Statement or Reverse Earnout Statement on or before the relevant Objection Date, and if the proposed change is disputed by the Seller Representative and the Parties

fail to resolve the dispute within ten (10) Business Days after the Objection Date, then the Parties shall refer the matter to the Accounting Firm in accordance with Section 2.03(4). If the Accounting Firm cannot or will not resolve the dispute, the matter shall be referred to arbitration in accordance with Section 2.03(5).

(3) Payment of Reverse Earnout.

- (a) The Contingent Consideration payable to each Shareholder in accordance with this Section 2.05, if any, shall be satisfied as follows:
- (i) 50% of the Contingent Consideration shall be satisfied by the issuance of SSC Shares at the price of \$0.75 per SSC Share in accordance with the registration instructions for the issuance of the Equity Consideration, or as otherwise directed by the Seller Representative; and
  - (ii) as to the remaining 50% of the Contingent Consideration, such Shareholder shall have the option, exercisable at its sole discretion, to elect to receive all or any portion of such remaining Contingent Consideration in SSC Shares at the price of \$0.75 per SSC Share, with the balance of such remaining Contingent Consideration being paid to the Seller Representative on behalf of the Shareholder in cash.
- (b) In respect of any elections made by Shareholders pursuant to Section 2.05(3)(a)(ii), the Purchaser must receive a written direction from the Seller Representative no later than five Business Days prior to the date set for payment of the Contingent Consideration, setting out: (a) the number of SSC Shares which each Shareholder is electing to receive pursuant to Section 2.05(3)(a)(ii); and (b) the registration instructions for each Shareholder electing to receive SSC Shares pursuant to this Section 2.05(3). If the Purchaser does not receive a direction or such direction does not specify the election of any Shareholder in accordance with the foregoing sentence, the balance of the remaining Contingent Consideration payable pursuant to Section 2.05(3)(a)(ii) shall be paid in cash by wire transfer of immediately available funds to the Seller Representative on behalf of each Shareholder or to the Shareholder who has so failed to elect.
- (c) Any SSC Shares issued pursuant to Section 2.05(3)(a) shall be escrowed pursuant to the Escrow Agreement and released in accordance with the following schedule:
- (i) 50% of such SSC Shares shall be released on January 1, 2026; and
  - (ii) 50% of such SSC Shares shall be released on July 1, 2026.
- (d) Subject to Section 2.05(2), all amounts owed by the Purchaser under this Section 2.05 will be payable to Shareholders' Counsel, in trust for the Shareholders, by wire transfer of immediately available funds or, if and to the extent SSC Shares are issued in satisfaction of some or all of the Contingent Consideration, through issuance of SSC Shares within (i) 46 days of the end of the Reverse Earnout Period or (ii) if the Purchaser notifies the Seller Representative of an objection pursuant to Section 2.05(2), within five (5) Business Days of the resolution of such objection in accordance with Section 2.05(2).



**Patent Consideration**

(1) The Patent Reverse Earnout Amount shall be payable by the Purchaser to the Shareholders subject to the following terms and conditions:

- (a) **Patent Reverse Earnout Note.** Subject to the conditions set forth in this Section 2.06, the Shareholders shall be entitled to the Patent Reverse Earnout Amount, or a portion of the Patent Reverse Earnout Amount, as the case may be. The Parties agree that the Purchaser's obligation to pay the Patent Reverse Earnout Amount, or a portion of the Patent Reverse Earnout Amount, as the case may be, in respect of the Patent Reverse Earnout Period will be evidenced by the issuance of the Patent Reverse Earnout Note, the principal amount of which shall be subject to downward reduction in accordance with this Section 2.06.
- (b) **Patent Fiscal Statement.** Within 30 days of the third year anniversary of the Closing Date (such 36-month period, the "**Patent Reverse Earnout Period**"), the Purchaser shall deliver to the Shareholders a financial statement (the "**Patent Fiscal Statement**") in respect of the Patent Reverse Earnout Period and a statement setting out the Specified Patents Calculation (the "**Patent Reverse Earnout Statement**"). The Patent Reverse Earnout Statement shall be prepared in accordance with GAAP, consistently applied and the Patent Fiscal Statement shall be prepared in accordance with the related Patent Fiscal Statements and with methodology used and assumptions made by the Company in the preparation of Schedule F.
- (c) **Patent Reverse Earnout Note Principal Amount Reduction.** For the Patent Reverse Earnout Period, the principal amount owing under the Patent Reverse Earnout Note will be reduced by an amount equal to the amount by which the Specified Patents Calculation is less than the Patent Reverse Earnout Amount, if any. Subject to Section 2.06(2), all amounts owed by the Purchaser under the Patent Reverse Earnout Note will be payable to Shareholders' Counsel, in trust for the Shareholders, by wire transfer of immediately available funds within (i) 46 days of the end of the Patent Reverse Earnout Period or (ii) if the Seller Representative notifies the Purchaser of an objection pursuant to Section 2.06(2), within five (5) Business Days of the resolution of such objection in accordance with Section 2.06(2).
- (d) **Overage.** In the event that the Specified Patents Calculation amount is greater than the principal amount owing under the Patent Reverse Earnout Note, then the Purchaser shall pay to Shareholders' Counsel, in trust for the Shareholders, an amount equal to that delta (the "**Patent Overage Amount**").
- (e) The Patent Overage Amount, if any, will be payable to Shareholders' Counsel, in trust for the Shareholders, by wire transfer of immediately available funds within (i) 46 days of the end of the Patent Reverse Earnout Period or (ii) if the Seller Representative notifies the Purchaser of an objection pursuant to Section 2.06(2), within five (5) Business Days of the resolution of such objection in accordance with Section 2.06(2).
- (f) Any amounts deducted from the Patent Reverse Earnout Amount pursuant to this Section 2.06 shall be deemed a decrease to the Purchase Price, and any increases to the Patent Reverse Earnout Amount for the Patent Overage Amount shall be deemed an increase to the Purchase Price.

(2) **Seller Representative's Objections.** If the Seller Representative believes that any change is required to be made to a Patent Fiscal Statement or Patent Reverse Earnout Statement as

prepared by the Purchaser, it shall, on or before that date which is fifteen (15) Business Days following its receipt of that Patent Fiscal Statement or Patent Reverse Earnout Statement (an "**Objection Date**"), give written notice to the Purchaser of any such proposed change, including the reason for such change. If the Seller Representative does not so notify the Purchaser of any proposed change on or before the relevant Objection Date, then the Seller Representative shall be deemed to have accepted the Patent Fiscal Statement and Patent Reverse Earnout Statement. If the Seller Representative gives written notice to the Purchaser of any proposed change to the Patent Fiscal Statement or Patent Reverse Earnout Statement on or before the relevant Objection Date, and if the proposed change is disputed by the Purchaser and the Parties fail to resolve the dispute within ten (10) Business Days after the Objection Date, then the Parties shall refer the matter to the Accounting Firm in accordance with Section 2.03(4). If the Accounting Firm cannot or will not resolve the dispute, the matter shall be referred to arbitration in accordance with Section 2.03(5).

(3) Satisfaction of Patent Consideration. The Patent Consideration payable to each Shareholder in accordance with this Section 2.06, if any, shall be satisfied in cash by payment to the Shareholders' Counsel, in trust for such Shareholder.

## 2.07 Date, Time and Place of Closing.

Subject to satisfaction or waiver by the Parties, as applicable, of the conditions set out in Article 6, the completion of the purchase and sale of the Purchased Shares contemplated by this Agreement will take place via the electronic exchange of documents at 9:00 a.m. (Mountain time) (the "**Closing Time**") on the Closing Date or at such other place, on such other date and at such other time as may be agreed upon in writing between the Parties.

## 2.08 Appointment of Seller Representative.

- (1) Clayton Bordeniuk (in such capacity, the "**Seller Representative**") is hereby irrevocably and exclusively appointed as representative, agent and power of attorney for each Shareholder, with full power of substitution: (a) to give and receive notices, directions and communications relating to the transactions and other matters contemplated by this Agreement, including those relating to adjustments to the Purchase Price, the Reverse Earnout Note, the Patent Reverse Earnout Note, the General Security Agreement, the Promissory Note and indemnification claims; (b) to make decisions on behalf of each Shareholder with respect to the transactions and other matters contemplated by this Agreement, including regarding (i) adjustments to the Purchase Price, (ii) to receive payments of, and any other matters relating to, the Reverse Earnout Note, the Patent Reverse Earnout Note or the Promissory Note, (iii) indemnification claims, (iv) amendments to this Agreement, (v) the defense of third party suits that may be the subject of indemnification claims, and to negotiate, enter into settlements and compromises of, and demand litigation or arbitration with respect to such third party suits or claims by the Purchaser for indemnification, (vi) the General Security Agreement; and (vii) the Escrow Agreement; (c) to take other actions and to act and execute, deliver and receive, all documents, instruments and consents on behalf of each Shareholder as contemplated by this Agreement, including receipt of any payments or the exercise of all rights granted to the Shareholders under this Agreement, the Escrow Agreement and the General Security Agreement; and (d) engage counsel, accountants or other advisors in respect of the foregoing. By executing this Agreement, the Seller Representative accepts the aforementioned appointment, authority and power, and each Shareholder hereby grants a power of attorney to such Seller Representative to act as described in this Section 2.08. None of the Shareholders will be permitted to take any of the foregoing actions without the prior written approval of the Seller Representative, and the Purchaser shall be entitled

to rely upon and shall have no liability to the Shareholders with respect to actions, decisions and determinations of the Seller Representative and shall be entitled to assume that all actions, decisions and determinations of the Seller Representative are fully authorized by all of the Shareholders.

(2) Each Shareholder agrees that: (a) the provisions of this Section 2.08 are independent and severable, are irrevocable and coupled with an interest and shall be enforceable against, and survive the death, incapacity, disability, bankruptcy, dissolution, winding up or liquidation of, any Shareholder notwithstanding any rights or remedies any Shareholder may have in connection with the transactions and other matters contemplated by this Agreement; (b) a remedy at law for any breach of the provisions of this Section 2.08 would be inadequate; and (c) the provisions of this Section 2.08 shall be binding upon the successors and assigns of each Shareholder.

(3) A decision, act, consent or instruction of the Seller Representative relating to this Agreement shall constitute a decision for all Shareholders, and shall be final, binding and conclusive upon each Shareholder, and Purchaser may rely upon any such decision, act, consent or instruction of the Seller Representative as being the decision, act, consent or instruction of each Shareholder.

(4) The grant of authority provided for herein shall survive the Closing.

(5) If the Seller Representative shall become unable to fulfill its responsibilities hereunder or shall choose to resign from such role upon at least ten (10) days' prior written notice to the Purchaser and Shareholders, then the Shareholders shall, promptly after such event, appoint a successor representative from among the other Shareholders and provide written notice of same to the Purchaser. In the event the Shareholders do not notify the Purchaser of the replacement Seller Representative within ten (10) days of receipt of notice from the prior Seller Representative, Purchaser shall be entitled to treat any Shareholder as Seller Representative. Any such successor shall become the "Seller Representative" for purposes of this Agreement.

## 2.09 **Tax Elections**

At the request of the Seller Representative, the Purchaser will make a joint election under subsection 85(1) of the Tax Act (and the corresponding provisions of any applicable provincial tax legislation) with each Shareholder with respect to the sale of the portion of the Purchased Shares sold by such Shareholder to the Purchaser for which the purchase price is payable by the issuance of the Equity Consideration or any SSC Shares issued in connection with Contingent Consideration or Patent Consideration. Each such joint election shall specify an elected amount in respect of such Purchased Shares to be determined by the relevant Shareholder, subject to the limitations of subsection 85(1) of the Tax Act (and the corresponding provisions of any applicable provincial tax legislation).

## **ARTICLE 3** **REPRESENTATIONS AND WARRANTIES OF THE SELLER PARTIES**

### 3.01 **Representations and Warranties of the Shareholders respecting the Purchased Shares.**

Each of the Shareholders severally, and not jointly and severally, represents and warrants to the Purchaser as at the Closing Time as follows and acknowledges and confirms that the Purchaser is relying upon the representations and warranties in connection with the Purchaser entering into this Agreement and the purchase by the Purchaser of the Purchased Shares:

(a) Incorporation and Qualification. Such Shareholder, if not a natural person, 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 agreements delivered pursuant to this Agreement to which it is a party.

- (b) Capacity of Natural Persons. Such Shareholder, if a natural person, he or she has reached the age of majority, is of sound mind and otherwise has all necessary capacity to enter into and deliver this Agreement and to consummate the transactions contemplated hereby.
- (c) Due Authorization and Enforceability. The execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement have been duly authorized by all necessary action on the part of each Shareholder. This Agreement constitutes a valid and binding obligation of each Shareholder enforceable against each of them in accordance with its terms, subject to limitations with respect to enforcement imposed by Applicable Law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the courts from which they are sought.
- (d) Non-Contravention. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby and compliance by a Shareholder, as applicable, with the provisions hereof will not conflict with, result in any violation of or default (with or without notice or lapse of time or both) under, give rise to the right of termination, cancellation or acceleration of any obligation or to the loss of a benefit under any provision of:
  - (i) such Shareholder's constating documents, if applicable;
  - (ii) assuming all applicable Consents are duly and timely obtained, any loan agreement, note, bond, mortgage, indenture, lease, permit, concession or franchise, licence or other Contract applicable to the Shareholder; or
  - (iii) any Applicable Law applicable to the Shareholder or their respective properties or assets.
- (e) Title to the Purchased Shares. Each Shareholder is the registered and beneficial owner of his, her or its respective Purchased Shares. The delivery by each Shareholder of share certificate(s) evidencing the Purchased Shares, duly endorsed for transfer or accompanied by stock transfer powers duly endorsed in blank, together with the registration of the Purchased Shares in the name of the Purchaser in the stock records of the Company or STTS, as applicable, will transfer valid title to the Purchased Shares to the Purchaser, free and clear of all Encumbrances.
- (f) No Litigation. There are no (i) actions, suits, proceedings or claims, at Applicable Law or in equity, by any Person, (ii) grievance, arbitration or alternative dispute resolution process, or (iii) administrative, investigative or other proceeding by or before any Governmental Entity, pending, or, to the knowledge of the Shareholders, threatened against or affecting any of the Shareholders' ownership of the Purchased Shares or right or ability to perform its obligations under this Agreement.
- (g) Shareholder Agreements. The Purchased Shares are not subject to the terms of any shareholders agreement, voting agreement, voting trust agreement, pooling agreement or similar agreement.

- (h) No Other Agreement to Purchase. No Person has any contract, option or warrant or any right or privilege (whether by Applicable Law, pre-emptive or contractual granted by such Shareholder) capable of becoming such for the purchase or acquisition from such Shareholder of any of the Purchased Shares.
- (i) No Broker's Fees. Other than the EY Fee, none of the Shareholders are party to any contract, agreement or understanding that any Person that would give rise to a valid claim against any of the other Shareholders, the Company or STTS for a brokerage commission, finder's fee or like payment in connection with the matters contemplated herein.
- (j) Residence of the Shareholders. Each Shareholder is not a non-resident of Canada for the purposes of the Tax Act.

3.02 **Representations and Warranties of the Shareholders respecting the Purchased Corporations and the Business.**

Each of (i) the Company Shareholders severally, and not jointly and severally, represents and warrants to the Purchaser the following only in respect of the Company, and for clarity any reference in this Section 3.02 to the Purchased Corporations shall, notwithstanding anything to the contrary in this Agreement, refer only to the Company for the purposes of this Section 3.02, and any representation or warranty in this Section 3.02 relating to STTS shall be deemed made only by the STTS Shareholders and (ii) the STTS Shareholders severally, and not jointly and severally, represents and warrants to the Purchaser the following in respect of the Company and STTS, in each case as at the Closing Time as follows and each Shareholder acknowledges and confirms that the Purchaser is relying upon the representations and warranties in connection with the Purchaser entering into this Agreement and the purchase by the Purchaser of the Purchased Shares:

- (a) Organization. Each Purchased Corporation:
  - (i) is duly incorporated and is a valid and subsisting corporation under the laws of its jurisdiction of incorporation;
  - (ii) has the requisite power and authority to own, lease and operate its properties and to conduct its business as it is presently being conducted;
  - (iii) is duly qualified, licenced or registered to do business and is in good standing in the jurisdictions it operates in; and
  - (iv) is not a non-resident of Canada for the purposes of the Tax Act.
- (b) Due Authorization and Enforceability.
  - (i) The Company has the requisite corporate power and authority to enter into and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate and other action on the part of the Company and, no other proceedings on the part of any Purchased Corporation are necessary to authorize the execution or delivery of this Agreement or the consummation of the transactions contemplated hereby.

- (ii) This Agreement has been duly and validly executed and delivered by the Company, and all other documents executed and delivered pursuant hereto will, when executed and delivered, be duly authorized, executed and delivered by the Company.
  - (iii) This Agreement when executed and delivered, constitutes a valid and binding obligation of the Company, and is enforceable against the Company in accordance with its terms, subject to limitations with respect to enforcement imposed by Applicable Law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the courts from which they are sought.
- (c) No Contravention. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby and compliance by the Company with the provisions hereof will not conflict with, result in any violation of or default (with or without notice or lapse of time or both) under, give rise to a right of termination, cancellation or acceleration of any obligation or to the loss of a benefit under any provision of:
- (i) any Purchased Corporation's constating documents;
  - (ii) assuming all applicable Consents are duly and timely obtained, any loan or credit agreement, note, bond, mortgage, indenture, lease, permit, concession or franchise, licence or other Material Contract applicable to any Purchased Corporation; or
  - (iii) any Applicable Law (as such laws exist as at the Closing Date) applicable to any Purchased Corporation or any of its respective properties or assets.
- (d) Capitalization of the Purchased Corporations. The authorized and issued share capital of each Purchased Corporation is as set forth in Section 3.02(d) of the Disclosure Letter, all of which (and no more) have been duly issued and are outstanding as fully paid and non-assessable and have been issued in compliance with all applicable Laws. No options, warrants or other rights to purchase the Purchased Shares or other securities of any Purchased Corporation and no securities or obligations convertible into or exchangeable for the Purchased Shares or other securities of any Purchased Corporation have been authorized or agreed to be issued or are outstanding (including, but not limited, phantom share units, share appreciation rights or any other cash or equity settled security or contractual right). Upon consummation of the transactions contemplated by this Agreement and registration of the Purchased Shares in the name of the Purchaser in the stock records of the Company, the Purchaser will own, directly or indirectly, all the issued and outstanding capital stock of the Company free and clear of all Encumbrances.
- (e) Subsidiaries. The Company does not own, or have any securities or other interest in, any other Person or entity. Other than shares in the capital of the Company, STTS does not own, or have any securities or other interest in, any other Person or entity.
- (f) Restrictive Covenants. Except as set out in Section 3.02(f) of the Disclosure Letter, none of the Purchased Corporations is a party to or bound or affected by any Contract limiting the freedom of any of the Purchased Corporations to: (i) compete in any line of business or any geographic area; (ii) acquire goods or services from any supplier;

(iii) establish the prices at which it may sell any goods or services; (iv) sell goods or services to any customer or potential customer; or (v) transfer or move any of its assets or operations.

- (g) Minute Books. The minute books of each of the Purchased Corporations is true and correct in all material respects and such minute books contain copies of all material meetings minutes and resolutions of the directors and shareholders of each of the Purchased Corporations.
- (h) Company Financial Statements. Except as disclosed in Section 3.02(h) of the Disclosure Letter, the Company Financial Statements have been prepared in accordance with GAAP applied on a basis consistent with previous fiscal years and such financial statements fairly represent the financial position of the Purchased Corporations as at the respective dates thereof, as well as the results of operations and changes in financial position of the Purchased Corporations for the periods covered thereby, as applicable, in accordance with GAAP consistently applied.
- (i) Conduct of Business in Ordinary Course. Except as set out in Section 3.02(i) of the Disclosure Letter, since the date of the most recent Company Financial Statements, the Business has been carried on in the Ordinary Course, and none of the Purchased Corporation have, in respect of the Business:
  - (i) incurred or assumed or paid or discharged any material obligation or material liability (direct or contingent), except for current liabilities incurred in the Ordinary Course;
  - (ii) made or granted any general wage or salary increases or paid or granted any bonus or other amounts in respect of the Employees, or changed the terms of employment for any Employee or entered into a written contract with any Employee, outside the Ordinary Course;
  - (iii) removed or received a notice of resignation from any director or terminated any officer or other employee;
  - (iv) sold or otherwise disposed of any fixed or capital assets;
  - (v) made, or made any commitments to make, any capital expenditures not in the Ordinary Course;
  - (vi) suffered an extraordinary loss, diminished the value of any Assets, or waived any rights of material value, or entered into any material commitment or transaction;
  - (vii) directly or indirectly, engaged in any transaction, made any loan or entered into any arrangement with any officer, director, partner, shareholder, Employee (whether current or former or retired), consultant, independent contractor or agent of any of the Purchased Corporations;
  - (viii) 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;

- (ix) made any bonus or profit sharing distribution or similar payment of any kind or declared or paid any dividends;
  - (x) increased the benefits to which employees of any Purchased Corporation are entitled under any Employee Plan or created any new Employee Plan for any employee;
  - (xi) compromised or settled any litigation, proceeding or other governmental action relating to the Assets, the Business or any Purchased Corporation;
  - (xii) cancelled or reduced any of its insurance coverage;
  - (xiii) entered into any Contract with any Person with whom it does not deal at arm's-length as that term is interpreted in connection with its use in the Tax Act;
  - (xiv) not paid within the time prescribed by applicable Law the proper amount of any Taxes due and payable, including any instalments of Taxes;
  - (xv) not withheld from each payment made by it the amount of all Taxes and other deductions required to be withheld therefrom and to pay the same to the proper Governmental Entity within the time prescribed under any Applicable Law;
  - (xvi) made any change in its accounting policies; or
  - (xvii) authorized or agreed or otherwise become committed to do any of the foregoing.
- (j) No Material Adverse Change. Except as set out in Section 3.02(j) of the Disclosure Letter, since the date of the most recent Company Financial Statements, there has not been any Material Adverse Change.
- (k) Contracts with Non-Arm's Length Persons. Except as set out in Section 3.02(k) of the Disclosure Letter, there are no existing Contracts to which any Purchased Corporation is a party in which a director or officer of any Purchased Corporation, or any other Person not dealing at arm's length with any of the Purchased Corporations, other than employment agreements, have an interest, whether directly or indirectly.
- (l) Compliance with Laws. The Purchased Corporations are conducting and has always conducted the Business in compliance with all Applicable Laws of each jurisdiction in which the Business is carried on, other than acts of non-compliance which, individually or in the aggregate, would not result in a Material Adverse Effect.
- (m) STTS Business. STTS currently conducts no active business.
- (n) Sufficiency of Assets. The Assets include all of the assets, rights and property, of any nature whatsoever, necessary to operate the Business in the same manner as presently operated by the Purchased Corporations. With the exception of inventory, motor vehicles and equipment in transit, all of the Assets are situate at the Leased Properties.
- (o) Title to the Assets. Each Purchased Corporation owns (with marketable title) all of its Assets that it purports to own including all the Assets reflected as being owned by such Purchased Corporation in its financial Books and Records and does not own any other



property or assets. Each Purchased Corporation has legal and beneficial ownership of its Assets free and clear of all Encumbrances, except for Permitted Encumbrances or, in respect of the Company, the Atema Company Encumbrance. 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 one or more of the Purchased Corporations pursuant to the Material Contracts and the Intellectual Property licensed to one or more of the Purchased Corporations and disclosed in Section 3.02(t) of the Disclosure Letter.

- (p) Condition of Tangible Personal Property. The computers, equipment and other Tangible Personal Property of each of the Purchased Corporations are in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put. The Purchased Corporations, as applicable, have conducted routine repair and maintenance to the Tangible Personal Property, as applicable, and no material maintenance or repairs outside of the Ordinary Course are required in respect of such Tangible Personal Property that would materially interrupt the operation of the Business as currently conducted.
- (q) Owned Real Property. None of the Purchased Corporations owns or has ever owned any real property.
- (r) Leases. Except as set out in Section 3.02(r) of the Disclosure Letter, none of the Purchased Corporations is a party to, or under any agreement to become a party to, any lease with respect to real property that is used or to be used in the Business. True and complete copies of all Leases have been provided to the Purchaser and 3.02(r) of the Disclosure Letter accurately sets out a description of the leased premises. Each Lease creates a good and valid leasehold estate in the Leased Properties thereby demised and is in full force and effect without amendment.
- (s) No Breach of Contracts. All of the Material Contracts are listed in Section 3.02(s) of the Disclosure Letter. The Material Contracts are the only contracts material to the Purchased Corporations and the Business. Each of the Material Contracts is legal, valid and binding, is in full force and effect and is enforceable against the applicable Purchased Corporation. To the knowledge of the Shareholders, except as set out in Section 3.02(s) of the Disclosure Letter, each of the Purchased Corporations, as applicable, have performed all of the obligations required to be performed by them, are entitled to all benefits under, and there exists no, nor has any Purchased Corporation received any written notice of any, breach, default or event of default, or event, occurrence, condition or act (including the transactions contemplated hereunder) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a breach, default or event of default under any Material Contract. True, correct and complete copies of all Material Contracts (and all amendments thereto) have been delivered to the Purchaser. There are no current or pending negotiations with respect to the renewal, repudiation or amendment of any Material Contracts other than in the Ordinary Course of Business and which are not material.
- (t) Intellectual Property Rights.
  - (i) The Purchased Corporations have the right to use the Intellectual Property and Proprietary Information Technology used by it in the carrying on of the Business in the Ordinary Course. All of the Intellectual Property of the Purchased Corporations is listed in Section 3.02(t) of the Disclosure Letter.

- (ii) Other than licenses relating to non-custom or off-the-shelf licenses, all of the licences of each of the Purchased Corporations to use the industrial or intellectual property of other Persons material to the Business are disclosed in Section 3.02(t) of the Disclosure Letter. None of the Purchased Corporations have entered into formal licensing agreements or arrangements with any Person to use any of the Intellectual Property or the Proprietary Information Technology, other than licenses relating to non-custom or off-the-shelf licenses. To the knowledge of the Shareholders, all licences referred to in Section 3.02(t) of the Disclosure Letter are in full force and effect and neither the Company, STTS, nor the other parties thereto are in default of their obligations thereunder.
- (iii) With respect to each such item listed in Section 3.02(t) of the Disclosure Letter, except as set out therein (A) the applicable Purchased Corporation 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, in the case of the Company, the Atema Company Encumbrance), and (B) no action, suit, proceeding, arbitration, investigation, charge, complaint, claim, or demand is pending or, to the knowledge of the Shareholders, is threatened, that challenges the legality, validity, enforceability, registration, use or ownership of the item. Each such registration, filing, issuance and/or application (A) has not been abandoned, cancelled or otherwise terminated, (B) has been maintained effective by all requisite filings, renewals and payments, and (C) remains in full force and effect. Section 3.02(t) 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.
- (iv) To the knowledge of the Shareholders (A) no Purchased Corporation is infringing upon, misappropriating or otherwise violating any copyrights or trade secrets of any Person, (B) no Purchased Corporation is infringing upon, misappropriating or otherwise violating any Intellectual Property (other than copyrights and trade secrets) of any Person, and (C) no Purchased Corporation has received from any Person in the past twelve months any written notice, charge, complaint, claim or other written assertion alleging any such infringement, misappropriation, or other violation by any Purchased Corporations of the Intellectual Property of any Person. To the knowledge of the Shareholders, no Person is infringing, misappropriating, or otherwise violating the Intellectual Property of any Purchased Corporation in any manner.
- (v) Section 3.02(t) of the Disclosure Letter sets out all Intellectual Property of third parties used by the Purchased Corporations which are material to the Business. Except as set forth in Section 3.02(t) of the Disclosure Letter, each Purchased Corporation uses the Intellectual Property of third parties material to the Business only pursuant to valid, effective written license agreements (collectively, the "**Third Party Licenses**") and no Purchased Corporation has exercised any rights, including without limitation any use, reproduction, distribution or derivative work rights, outside the scope of any Third Party Licenses.
- (vi) The Intellectual Property listed in Section 3.02(t) of the Disclosure Letter, together with the Third Party Licenses, constitutes all material Intellectual Property used by the Purchased Corporations in the Business.

- (vii) Each Purchased Corporation has taken commercially reasonable actions to protect, preserve and maintain its Intellectual Property material to the Business and to maintain the confidentiality and secrecy of and restrict the improper use of confidential information, trade secrets and proprietary information under Applicable Law including, such reasonable actions as requiring employees and consultants to enter into agreements comprising provisions relating to non-disclosure, intellectual property assignments and waivers to any non-assignable rights (including moral rights), in each case to the extent that such employees or consultants have created, worked on or have developed any part of the Intellectual Property. To the knowledge of the Shareholders there has been no unauthorized disclosure of any trade secrets or proprietary information of any Purchased Corporation.
- (u) Information Technology. The Information Technology and Proprietary Information Technology:
  - (i) is suitable for the purposes for which it is being used;
  - (ii) no other computer hardware, software, system or other information technology is used in carrying on the Business; and
  - (iii) is free from known material defects or deficiencies.
- (v) Inventories. The Inventories of the Purchased Corporations are in good and marketable condition. The inventory levels of the Business are currently maintained at levels sufficient for the continuation of the Business in the Ordinary Course. The Purchased Corporations have legal and beneficial ownership of the Inventories free and clear of all Encumbrances, other than Permitted Encumbrances and, in the case of the Company, and, except as set out in Section 3.02(v) of the Disclosure Letter, none of the Inventories are on consignment from another Person.
- (w) Books and Records. All accounting and financial Books and Records of the Purchased Corporations, including Books and Records relating to the Business, have been fully, properly and accurately kept and completed in all material respects and have been delivered or made available to the Purchaser.
- (x) No Liabilities. No Purchased Corporation has any liabilities (whether accrued, absolute, contingent or otherwise) nor any outstanding material commitments or obligations of any kind whether or not such obligations or commitments are presently considered liabilities of a Purchased Corporation under GAAP.
- (y) Environmental Matters. With respect to environmental matters:
  - (i) no Purchased Corporation has transported, removed or disposed of any hazardous waste to a location outside of Canada;
  - (ii) none of the Purchased Corporations has agreed to assume any actual or potential environmental liability or obligation of any other Person;
  - (iii) none of the Purchased Corporations is subject to any indemnity or other agreement with any third party relating to liability under any Environmental Law;

- (iv) all products required or essential to the Business and its operations are approved for use in Canada by the appropriate regulatory parties, including but not limited to being listed on the DSL, if so required;
  - (v) all operations of the Purchased Corporation have been and are now in compliance with all Environmental Law in all material respects;
  - (vi) all Environmental Approvals have been obtained, are valid and in full force and effect, have been and are being complied with, and there have been and are no proceedings commenced or threatened to revoke or amend any Environmental Approval;
  - (vii) none of the Purchased Corporations is the subject of any Remedial Order, nor does any Shareholder have any knowledge of any investigation or evaluation commenced or threatened as to whether any such Remedial Order is necessary nor has any threat of any such Remedial Order been made nor are there any circumstances which could reasonably be expected to result in the issuance of any such Remedial Order with respect to the Business; and
  - (viii) none of the Purchased Corporations has ever been prosecuted for or convicted of any offence under any Environmental Law, nor have any of the Purchased Corporations been found liable in any proceeding to pay any fine, penalty, damages, amount or judgment to any Person as a result of any Release or threatened Release or as a result of the breach of any Environmental Law and there is no basis which could be reasonably be expected to result in any such proceeding or action.
- (z) Employees. With respect to the Business and the Employees:
- (i) the Purchased Corporations are each in material compliance with all terms and conditions of employment and all Applicable Law respecting employment, including pay equity, wages and hours of work, occupational health and safety and there are no outstanding claims, complaints, investigations or orders under any such Applicable Law, including any claims relating to employment standards, occupational health and safety, human rights, labour relations, workers' compensation, pay equity and employment equity;
  - (ii) none of the Purchased Corporations has engaged in any unfair labour practice and no unfair labour practice complaint, grievance or arbitration proceeding is pending or, to the knowledge of the Shareholders, threatened against any of the Purchased Corporations;
  - (iii) no collective agreement currently exists or is being negotiated by any of the Purchased Corporations or any other Person in respect of the Business or the Employees;
  - (iv) to the knowledge of the Shareholders, there are no threatened or pending union organizing activities involving the Business or the Employees. There is no labour strike, dispute, work slowdown or stoppage pending or involving or, to the knowledge of the Shareholders, threatened against any of the Purchased Corporations in respect of the Business and no such event has occurred within the last three (3) years;

- (v) the Company has provided the Purchaser with a correct and complete list containing each Employee, their salaries, wage rates, and employment start date which is included as Section 3.02(z)(v) of the Disclosure Letter;
  - (vi) except as disclosed in Section 3.02(z) of the Disclosure Letter, no Employee has any agreement as to length of notice or severance payment required to terminate his or her employment, other than such as results by Applicable Law from the employment of an employee without an agreement as to notice or severance;
  - (vii) there are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workplace safety and insurance/workers' compensation legislation against any of the Purchased Corporations and none of the Purchased Corporations has been reassessed in any material respect under such legislation during the past three (3) years and no audit of the Business is currently being performed pursuant to any applicable workplace safety and insurance/workers' compensation legislation. There are no claims or, to the knowledge of the Shareholders, potential claims that may have a Material Adverse Effect on the Purchased Corporations pursuant to any applicable workplace and insurance/workers' compensation legislation, regulations or rules; and
  - (viii) the Purchased Corporations have provided to the Purchaser all orders and inspection reports under applicable provincial Occupational Health and Safety legislation ("**OHSA**") that it has received. There are no charges pending under OHSA against any of the Purchased Corporations. Each of the Purchased Corporations has complied in all material respects with any orders issued under OHSA and there are no appeals of any orders under OHSA currently outstanding.
- (aa) Employee Plans. Except as disclosed in Section 3.02(aa) of the Disclosure Letter, none of the Purchased Corporations has any Employee Plans currently in effect.
- (i) No Employee Plan is or is intended to be a "registered pension plan" as such term is defined in subsection 248(1) of the *Income Tax Act* (Canada).
  - (ii) All Employee Plans have been established, administered, communicated and invested in accordance with all Applicable Laws. Neither any of the Purchased Corporation, nor any of their agents or delegates, has breached any fiduciary obligation with respect to the administration or investment of any Employee Plan.
  - (iii) Each Purchased Corporation with an Employee Plan 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. Each such Purchased Corporation has paid in full all contributions and premiums for the period up to the Closing Date 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.
  - (iv) 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.

- (v) None of the Employee Plans provide for retiree benefits or for benefits to retired employees or to the beneficiaries or dependants of retired employees.
  - (vi) Subject to the requirements of applicable Laws, no provision of any Employee Plan or of any agreement, and no act or omission of any Purchased Corporation, in any way limits, impairs, modifies or otherwise affects the right of such Purchased Corporation to unilaterally amend or terminate any Employee Plan, and no commitments to improve or otherwise amend any Employee Plan have been made.
  - (vii) All employee data necessary to administer each Employee Plan in accordance with its terms and conditions and all Applicable Laws is in possession of one or more of the Purchased Corporations such data is complete, correct, and in a form which is sufficient for the proper administration of each Employee Plan.
  - (viii) The execution and delivery of, and performance by the Shareholders of, this Agreement and the consummation of the transactions contemplated by it will not accelerate the time of payment or vesting under any Employee Plan, (i) result in an obligation to fund (through a trust or otherwise) any compensation or benefits under any Employee Plan, (ii) increase any amount payable under any Employee Plan or (iii) result in the acceleration of any other material obligation pursuant to any Employee Plan.
  - (ix) Only employees or former employees (or any spouses, dependents, survivors or beneficiaries of any such employees or former employees) of a Purchased Corporation are entitled to participate in the Employee Plans and no entity other than such Purchased Corporation is a participating employer under any Employee Plan.
- (bb) Major Suppliers and Customers. Section 3.02(bb) of the Disclosure Letter sets forth:
- (i) the 15 largest suppliers of goods and services (measured by dollar value) to the Purchased Corporations during each of the fiscal years ended December 31, 2023, and the period ended August 31, 2024; and
  - (ii) the 15 largest customers (measured by revenue) of the Purchased Corporations during each of the fiscal years ended December 31, 2023, and the period ended August 31, 2024.

To the knowledge of the Shareholders, no such supplier or customer listed in Section 3.02(bb) of the Disclosure Letter has disclosed of any intention to change its relationship or the terms upon which it conducts business with any of the Purchased Corporations.

- (cc) Accounts Receivable. All accounts receivables of the Purchased Corporations reflected in the Company Financial Statements, or that have come into existence since the date of the most recent Company Financial Statements, were created in the Ordinary Course of Business in bona fide arm's length transactions, and, except to the extent that they have been paid in the Ordinary Course of Business since the date of

the Company Financial Statements, are valid and enforceable and payable in full, without any right of set-off or counterclaim or any reduction for any credit or allowance made or given, except:

- (i) to the extent of the allowance for doubtful accounts reflected in the Company Financial Statements;
  - (ii) in the case of accounts receivable that have come into existence since the date of the most recent Company Financial Statements, for a reasonable allowance for doubtful accounts; and
  - (iii) which allowances are adequate and calculated in a manner consistent with GAAP.
- (dd) Product and Service Warranties. Section 3.02(dd) of the Disclosure Letter sets out either:
- (i) the standard form of, and any deviations to the standard form of, product warranty or service warranty liabilities and obligations (including any implied warranties); or
  - (ii) agreements with customers and/or distributors engaged by the Purchased Corporations, in which product warranties or service warranty liabilities and obligations are set out,

in respect of any products or services manufactured, constructed, installed, shipped, distributed, sold or provided by any Purchased Corporation in connection with the Business prior to the Closing Date. Except as set out in Section 3.02(dd) of the Disclosure Letter, no Purchased Corporation is or has been liable for any obligation in connection with those warranties set out in Section 3.02(dd) of the Disclosure Letter. No Purchased Corporation has suffered any Damages as a result of any defect or other deficiency with respect to any product designed, manufactured, sold, leased, licensed, or delivered, or any service provided, by any Purchased Corporation. No Governmental Entity has alleged that any product designed, manufactured, sold, leased, licensed, or delivered or services provided or performed by any Purchased Corporation is defective or unsafe or fails to meet any product warranty or any product or services standards promulgated by any such Governmental Entity. No product designed, manufactured, sold, leased, licensed, or delivered by any Purchased Corporation has been recalled, and no Purchased Corporation has received any notice of recall (written or oral) of any such product from any Governmental Entity. To the knowledge of the Shareholders, no event has occurred or circumstance exists that (with or without notice or lapse of time) could result in any such liability or recall.

- (ee) Consents and Approvals. Except for the Required Consents, no Consent or Authorization of, registration, declaration or filing with, any Governmental Entity is required by or with respect to any Purchased Corporation in connection with the execution and delivery of this Agreement or the consummation in all material respects of the transactions contemplated hereby.
- (ff) Third Party Consents. The Required Consents disclosed in Section 3.02(ff) of the Disclosure Letter is a complete list of all material notifications, Consents and Authorizations required to be obtained by any of the Purchased Corporations in

connection with the execution, delivery and performance of this Agreement or any other documents and agreements to be delivered under this Agreement.

- (gg) Insurance. To the knowledge of the Shareholders, there are no circumstances in respect of which any Person could make a claim under any insurance policy of any of the Purchased Corporations. True, correct and complete copies of all insurance policies have been delivered to the Purchaser and are listed on Section 3.02(gg) of the Disclosure Letter. To the knowledge of the Shareholders, no Purchased Corporation is in default with respect to any of the provisions contained in the insurance policies and no Purchased Corporation has 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 such Purchased Corporation or a denial of coverage for a risk otherwise covered by any such insurance policy or bond. No Purchased Corporation has 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 any Purchased Corporation with its insurers, the availability of coverage, or in the premiums payable pursuant to the policies.
- (hh) Litigation. There are no (i) actions, suits, proceedings or claims, at Applicable Law or in equity, by any Person, (ii) grievance, arbitration or alternative dispute resolution process, or (iii) administrative, investigative or other proceeding by or before any Governmental Entity, pending, or, to the knowledge of the Shareholders, threatened against or affecting any of the Purchased Corporations or the Business and the Shareholders have no knowledge of any valid basis for any such action, complaint, grievance, suit, proceeding, claim, arbitration or investigation. None of the Purchased Corporations is subject to any judgment, order or decree entered in any lawsuit or proceeding nor has any of the Purchased Corporations settled any claim prior to being prosecuted in respect of it. None of the Purchased Corporations is a plaintiff or complainant in any action, suit or proceeding materially connected with the Business.
- (ii) Taxes. Except as set out in Section 3.02(ii) of the Disclosure Letter:
  - (i) Each of the Purchased Corporations has duly and timely filed all Tax Returns required to be filed by it under Applicable Law with the appropriate Governmental Entity. Each of those Tax Returns is true, correct, and complete in all material respects.
  - (ii) Each of the Purchased Corporations has duly, and on a timely basis, paid or remitted all Taxes required to be paid or remitted by it on or before the Closing Time, whether or not assessed by the appropriate Governmental Entity, including all Taxes shown as due and owing on all Tax Returns, all Taxes assessed or reassessed by any Governmental Entity, all Taxes held in trust or deemed to be held in trust for any Governmental Entity, and all instalments on account of Taxes for the current year, and, to the knowledge of the Shareholders, no deficiency with respect to the payment of any Taxes or Tax instalments has been asserted against it by any Governmental Entity.
  - (iii) None of the Purchased Corporations will have any liability for Taxes for any period ending on or before the Closing Date other than those liabilities for Taxes reflected as reserves on the Company Financial Statements or otherwise provided for as part of the NWC Adjustment Amount. The liabilities



reflected as reserves for Taxes on the Company Financial Statements are sufficient for the payment or remittance of all Taxes that may become payable or remittable by each of the Purchased Corporations, whether or not disputed, in respect of any period ending on or before the Closing Date.

- (iv) There are no liens, charges, encumbrances or any rights of others on any of the Assets that arose in connection with any failure (or alleged failure) to pay any Tax when due.
- (v) The income Tax liability of each of the Purchased Corporations has been assessed by the relevant Governmental Entity in respect of the taxation years of the Purchased Corporations ending December 31, 2023.
- (vi) None of the Purchased Corporations has requested, offered to enter into or entered into any agreement or other arrangement, or executed any waiver, providing for any extension of time within which: (A) to file any Tax Return covering any Taxes for which any Purchased Corporation is or may be liable; (B) to file any elections, designations or similar filings relating to Taxes for which any Purchased Corporation is or may be liable; (C) any Purchased Corporation is required to pay or remit any Taxes or amounts on account of Taxes; or (D) any Governmental Entity may assess or collect Taxes for which any Purchased Corporation is or may be liable.
- (vii) No Governmental Entity has challenged, disputed, or questioned any Taxes of or any Tax Returns filed by any of the Purchased Corporations or indicated that an assessment, reassessment, or determination in respect of Taxes is proposed. To the knowledge of the Shareholders, there are no facts, circumstances, acts, omissions, events, transactions, or series of events or transactions occurring wholly or partly on or before the Closing Time, that could, or are likely to, give rise to any discussions, audits, assertions, assessments, reassessments, determinations or claims in respect of Taxes of any of the Purchased Corporations.
- (viii) None of the Purchased Corporations has made, prepared and/or filed any elections, designations similar filings relating to Taxes or entered into any agreement or other arrangement in respect of Taxes or Tax returns has effect for any period ending after the Closing Time.
- (ix) Each of the Purchased Corporations has duly and timely withheld, all Taxes and other amounts required by Applicable Law to be withheld by it (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the account or benefit of any Person, including any Employee, officer or director and any non-resident Person), and has duly and timely remitted to the appropriate Governmental Entity such Taxes and other amounts required by Applicable Law to be remitted by it.
- (x) Each of the Purchased Corporations is, as applicable, duly registered for goods and services tax or harmonized sales tax ("**GST**"), as applicable, pursuant to Part IX the *Excise Tax Act* (Canada) and such Purchased Corporation's registration numbers are set out in Section 3.02(ii) of the Disclosure Letter. Each of the Purchased Corporations has, as applicable, complied with all registration, reporting, payment, collection and remittance

requirements in respect of GST, harmonized sales tax and provincial sales tax legislation.

- (xi) All input tax credits, investment tax credits, refunds, rebates and similar adjustments of Taxes claimed by each Purchased Corporation has been validly claimed and correctly calculated as required by Applicable Laws and each such Purchased Corporation has retained all documentation prescribed by Applicable Laws to support such claims. Where applicable, each Purchased Corporation: (A) has obtained all required information and documentation to support any zero-rating treatment of its supplies; and (B) has been furnished with valid exemption certificates or their equivalent and has retained all such records and supporting documents in the manner required by Applicable Law.
- (xii) No facts, circumstances or events exist or have existed that have resulted in or may result in the application of any of section 15, section 17, subsection 18(4), section 69 and sections 78 to 80.04 of the Tax Act to any of the Purchased Corporations.
- (xiii) None of the Purchased Corporations has made or been required to make an "excessive eligible dividend designation" as defined in the Tax Act.
- (xiv) With respect to the declaration and payment of all dividends on or prior to the Closing Date that were designated to be capital dividends (as provided pursuant to subsection 83(2) of the Tax Act), by any Purchased Corporation: (A) all such dividends so designated were recorded on Form T2054 (as prescribed under the regulations to the Tax Act) and such Form T2054 was filed with the relevant Taxing Authority (and any applicable provincial Governmental Entity) in the prescribed manner on or before the particular time on which any part of the dividend was paid; and (B) as a consequence of the declaration of such capital dividends and the filing of the Form T2054, such Purchased Corporations is not subject to any Tax pursuant to the provisions of Part III of the Tax Act (and applicable provisions of a provincial Tax statute);
- (xv) None of the Purchased Corporations is subject to liability for Taxes of any other Person. None of the Purchased Corporations has acquired property from any Person in circumstances where any Purchased Corporation did or could become liable for any Taxes of such Person. The value of the consideration paid or received by the Purchased Corporations for the acquisition, sale, transfer or provision of property (including intangibles) or the provision of services (including financial transactions) from or to a person with whom the such Purchased Corporation was not dealing at arm's length within the meaning of the Tax Act was equal to the estimated fair market value of such property acquired, provided or sold or services purchased or provided. None of the Purchased Corporations has entered into any agreement with, or provided any undertaking to, any Person pursuant to which it has assumed liability for the payment of income Taxes owing by such Person.
- (xvi) None of the Purchased Corporations has ever been required to file any Tax Return with any Governmental Entity outside Canada. No claim has ever been made by a Governmental Entity in a jurisdiction where the Purchased Corporations do not file Tax Returns that it is or may be subject to the imposition of any Tax by that jurisdiction.

- (xvii) None of the Purchased Corporations has claimed any reserves for purposes of the Tax Act (or analogous provincial or similar provisions) for the most recent taxation year ending prior to the date hereof.
- (xviii) Records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act have been made and obtained by each Purchased Corporation with respect to all material transactions between such Purchased Corporation and any non-resident person with whom such Purchased Corporation was not dealing at arm's length within the meaning of the Tax Act, during a taxation year commencing after 1998 and ending on or before the Closing Date.
- (xix) The Purchaser has been provided with copies of the Tax Returns for the 2022 taxation year of the Purchased Corporations and all statements of account to or from any Governmental Entity relating to the Taxes of the Purchased Corporations, to the extent relating to periods or events in respect of which any Governmental Entity may by Applicable Law assess or otherwise impose any such Tax on the Company.
- (xx) None of the Purchased Corporations has claimed or received any subsidies, government assistance or Tax refunds, including, for greater certainty, under section 125.7 or subsection 153(1.02) of the Tax Act.
- (jj) Indebtedness. The outstanding Indebtedness of the Purchased Corporations is nil.
- (kk) Provincial Cannabis Legislation.
  - (i) True and complete copies of all material written correspondence or written notices received from or provided to any Provincial Cannabis Authority with respect to any of the Purchased Corporations have been made available to the Purchaser.
  - (ii) Complete and accurate descriptions of the Cannabis Licenses and the date, capacity expiry date and authorizations and limitations of the Cannabis Licenses, and true and complete copies of which have been made available to the Purchaser and are set out in Section 3.02(kk)(ii) of the Disclosure Letter.
  - (iii) Each of the Purchased Corporations has been and is in compliance in all material respects with the terms of the Cannabis Licenses and Provincial Cannabis Legislation, as applicable.
  - (iv) The Cannabis Licenses are valid and in full force and effect. None of the Purchased Corporations has received any written notice of, or is in, any violation of or default under Cannabis Licenses. The Cannabis Licenses will not be terminated or impaired solely as a result of the transactions contemplated by this Agreement, and no actions are pending or, to the knowledge of the Company, threatened that would result in the termination, revocation, cancellation, non-renewal, suspension or adverse modification of the Cannabis Licenses, and none of the Purchased Corporations has been provided notice of any of the foregoing.
  - (v) The Purchased Corporations have each provided the Purchaser with true and complete copies of each of the Purchased Corporation's policies and

procedures designed to provide reasonable assurance regarding compliance with all inventory, record keeping, recalls, and other requirements under the Cannabis Licenses and Provincial Cannabis Legislation. Each Purchased Corporation has provided all relevant staff with training on such policies and procedures and has provided such staff with copies thereof. The operations of each of the Purchased Corporations are and have been conducted in material compliance with such policies and procedures.

- (vi) None of the Purchased Corporations have or has had any business, investments, operations, assets in the United States or Contracts with a Person resident in the United States.
- (vii) The Required Consents include all Authorizations required from any Governmental Entity in order to maintain the Cannabis Licenses in full force and effect upon the completion of the transactions contemplated by this Agreement.
- (ll) Excise Taxes or Health Canada Fees. No Purchased Corporation has any liability in respect of excise taxes or Health Canada fees which are overdue for more than 30 days.
- (mm) No Guarantees. None of the Purchased Corporations has guaranteed, endorsed, assumed, indemnified or accepted any responsibility for any indebtedness or the performance of any obligation of any other Person.
- (nn) No Broker's Fees. The Company is not a party to any contract, agreement or understanding that any Person that would give rise to a valid claim against the Company for a brokerage commission, finder's fee or like payment in connection with the matters contemplated herein.

#### **ARTICLE 4**

#### **REPRESENTATIONS AND WARRANTIES OF PURCHASER**

##### **4.01 Purchaser's Representations and Warranties.**

The Purchaser represents and warrants to the Shareholders as at the Closing Time as follows and acknowledges and confirms that the Shareholders are relying upon the representations and warranties in connection with the Shareholders entering into and performing this Agreement and the sale to the Purchaser of the Purchased Shares:

- (a) Organization. The Purchaser:
  - (i) is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation;
  - (ii) has the requisite power and authority to own, lease and operate its properties and to conduct its business as presently being conducted;
  - (iii) is duly qualified to do business and is in good standing in Alberta; and
  - (iv) is not a non-resident of Canada for the purposes of the Tax Act.
- (b) Due Authorization and Enforceability.

- (i) The Purchaser has the requisite corporate power and authority to enter into and deliver this Agreement and to consummate the transactions contemplated hereby, including the purchase of the Purchased Shares, issuance of the Equity Consideration and the payment of the Contingent Consideration and Patent Consideration in accordance with the provisions of this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate and other action on the part of the Purchaser, including (as applicable) approval by the board of directors of the Purchaser, and no other proceeding on the part of the Purchaser is necessary to authorize the execution or delivery of this Agreement or the consummation of the transactions contemplated hereby.
  - (ii) This Agreement has been duly and validly executed and delivered by the Purchaser and all other documents executed and delivered pursuant hereto will, when executed and delivered, be duly authorized, executed and delivered by the Purchaser and this Agreement does, and such documents will, when executed and delivered constitute valid and binding obligations of the Purchaser enforceable against the Purchaser in accordance with its terms, subject to limitations with respect to enforcement imposed by Applicable Law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the courts from which they are sought.
- (c) No Contravention. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby, including the purchase of the Purchased Shares and the payment of the Contingent Consideration and Patent Consideration, and compliance by the Purchaser with the provisions hereof will not, conflict with, result in any violation of or default (with or without notice or lapse of time or both) under, give rise to a right of termination, cancellation or acceleration of any obligation or to the loss of a benefit under, or result in the creation of any lien on any of the properties or assets of the Purchaser under, any provision of:
  - (i) the Purchaser's constating documents;
  - (ii) any loan or credit agreement, note, bond, mortgage, indenture, lease, permit, concession, franchise, licence or other agreement or instrument to which the Purchaser is a party or by which it is bound; or
  - (iii) any Applicable Law (as such laws exist as at the Closing Date) applicable to the Purchaser or any of its respective properties or assets.
- (d) Consents and Approvals. Other than the approval of the TSXV described in Section 6.01(d), no consent, approval, order or authorization of, registration, declaration or filing with, or permit from, any Governmental Entity is required by or with respect to the Purchaser in connection with the execution and delivery of this Agreement by the Purchaser or the consummation by the Purchaser of the transactions contemplated hereby. No third-party Consent is required by or with respect to the Purchaser in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.
- (e) Purchase Price Share Consideration.

- (i) When issued, the Equity Consideration and any portion of the Contingent Consideration that is satisfied by the issuance of SSC Shares will have been duly and validly created and issued as fully paid and non-assessable SSC Shares.
  - (ii) All SSC Shares as may be issuable in satisfaction of the Equity Consideration and the Contingent Consideration will have been validly reserved and authorized for issuance, subject to any required regulatory approvals prior to the time of issuance, at the Closing Time.
- (f) Reporting Issuer Status and TSXV Compliance.
  - (i) The Purchaser is a "reporting issuer" within the meaning of Applicable Laws in the provinces of British Columbia, Alberta, Saskatchewan and Ontario and is not on the list of reporting issuers in default under applicable securities laws in any such province. No delisting, suspension of trading in or cease trading order with respect to the SSC Shares is currently in effect or pending or threatened. No inquiry, review or investigation (formal or informal) of the Purchaser by any securities commission or similar Governmental Entity or the TSXV is in effect or ongoing. The Purchaser has not filed any confidential material change report with any Governmental Entity which remains confidential.
  - (ii) The SSC Shares are listed on the TSXV. The Purchaser is in compliance in all material respects with the applicable listing and corporate governance rules and regulations of the TSXV.
- (g) Investment Canada Act. The Purchaser is a Canadian within the meaning of the *Investment Canada Act*.
- (h) Tax Act. The Purchaser is a "taxable Canadian corporation" as defined in, and for the purposes of, the Tax Act.
- (i) No Broker's Fees. The Purchaser is not a party to any contract, agreement, or understanding with any Person that would give rise to a valid claim against the Company for a brokerage commission, finder's fee or like payment in connection with the matters contemplated herein.

## **ARTICLE 5**

### **COVENANTS OF THE PARTIES**

#### **5.01 Conduct of Business Prior to Closing.**

- (1) During the Interim Period, the Shareholders shall use their commercially reasonable efforts to cause each Purchased Corporation to conduct the Business in the Ordinary Course such that the representation and warranty set out in Section 3.02(i) will be true, correct and complete as if it were made on the Closing Date, subject to any exceptions expressly consented to by the Purchaser in writing.
- (2) Subject to Section 5.01(1), the Shareholders shall use their reasonable best efforts (i) to not cause or permit to exist a breach of any representations and warranties of the Shareholders contained in this Agreement; and (ii) to cause the Business to be conducted in such a manner that on the Closing Date such representations and warranties will be true, correct and complete as if they were made on and as of such date.

#### 5.02 **Access by Purchaser.**

Subject to applicable Law, during the Interim Period, the Shareholders shall (i) upon reasonable notice to the Seller Representative from the Purchaser, permit the Purchaser and its employees, agents, counsel, accountants or other representatives, to have reasonable access during normal business hours to (A) the premises of any Purchased Corporation, (B) the Assets, including all Books and Records whether retained by any Shareholder, any Purchased Corporation or otherwise, (C) all Contracts and Leases, and (D) the senior personnel of any Purchased Corporation, in each case, so long as the access does not unduly interfere with the ordinary conduct of the Business; (ii) furnish to the Purchaser or its employees, agents, counsel, accountants or other representatives, such financial and operating data and other information with respect to the Assets and any Purchased Corporation as the Purchaser from time to time reasonably requests; and (iii) co-operate, or cause the co-operation, with the Purchaser and its representatives in the arrangement of any financing in connection with the transactions contemplated by the Agreement, as the Purchaser may reasonably request from time to time.

#### 5.03 **Actions to Satisfy Closing Conditions.**

(1) Subject to Section 5.05, the Shareholders shall each use its commercially reasonable efforts to take or cause to be taken all such actions so as to ensure compliance with all of the conditions set forth in Section 6.01.

(2) Subject to Section 5.05, the Purchaser shall use its commercially reasonable efforts to take or cause to be taken all such actions so as to ensure compliance with all of the conditions set forth in 6.02.

#### 5.04 **Notices and Requests for Consents.**

(1) The Shareholders shall each use commercially reasonable efforts obtain or cause to be obtained prior to Closing, all consents, approvals and waivers that are required by the terms of the Leases and the Contracts to which any Purchased Corporation is a party in order to complete the transactions contemplated by this Agreement, including the Required Consents. Such consents, approvals and waivers will be upon such terms as are acceptable to the Purchaser, acting reasonably. The Purchaser shall, at its own expense, reasonably co-operate in obtaining such consents, approvals and waivers.

(2) The Shareholders shall provide notices (in form and substance acceptable to the Purchaser, acting reasonably) that are required by the terms of the Leases and the Contracts to which any Purchased Corporation is a party in connection with the transactions contemplated by this Agreement.

#### 5.05 **Filings and Authorizations**

(1) Each of the Purchaser and the Shareholders, as promptly as practicable after the execution of this Agreement, shall (i) make, or cause to be made, all filings and submissions under all Applicable Laws applicable to it, that are required for it to consummate the purchase and sale of the Purchased Shares in accordance with the terms of this Agreement, (ii) use its commercially reasonable efforts to obtain, or cause to be obtained, all Authorizations necessary or advisable to be obtained by it in order to consummate such transfer, and (iii) use its commercially reasonable efforts to take, or cause to be taken, all other actions necessary, proper or advisable in order for it to fulfil its obligations under this Agreement.

(2) The Parties will coordinate and cooperate in exchanging information and supplying assistance that is reasonably requested in connection with this Section 5.05 including providing each other with advance copies and reasonable opportunity to comment on and participate in all communication with and information supplied to any Governmental Entity, and all information and communication received from any Governmental Entity.

5.06 **Notice of Untrue Representation or Warranty.**

The Shareholders shall promptly notify the Purchaser, and the Purchaser shall promptly notify the Seller Representative, upon any representation or warranty made by it contained in this Agreement becoming untrue or incorrect during the Interim Period. Each representation and warranty will be deemed to be given at and as of all times during the Interim Period. Any such notification must set out the particulars of the untrue, incorrect or inaccurate representation or warranty and details of any actions being taken by the Shareholders or the Purchaser, as the case may be, to rectify that state of affairs.

5.07 **Exclusive Dealing.**

During the Interim Period, none of the Shareholders, Seller Representative or the Purchased Corporations shall, directly or indirectly, solicit, initiate, or encourage any inquiries or proposals from, discuss or negotiate with, provide any non-public information to, or consider the merits of any inquiries or proposals from, or enter into any agreement with, any Person (other than the Purchaser) relating to any transaction involving the sale of any shares of any Shareholder, any of the Purchased Corporations or the sale of the Business or all or substantially all of the Assets (other than as permitted in this Agreement) or any other business combination.

5.08 **Tax Matters.**

(1) The Purchaser does not assume and will not be liable for any Taxes (excluding Taxes included in the Adjustment Amount) which may be or become payable or otherwise accrue to or by the Shareholders or any Purchased Corporation in respect of any taxation year or fiscal period ending on or prior to the Closing Date or that portion of any taxation year or fiscal period beginning prior to and ending after the Closing Date (a "**Straddle Period**") that is attributable to the period beginning prior to and ending immediately prior to the Closing Date (the "**Pre-Closing Straddle Period**"), including any Taxes resulting from or arising as a consequence of the sale by the Shareholders to the Purchaser of the Purchased Shares herein contemplated.

(2) The Purchaser will cause to be prepared and filed on a timely basis all Tax Returns for the each Purchased Corporation for any taxation year or fiscal period ending on or before the Closing Date and any Straddle Period for which Tax Returns have not been filed as of the Closing Time. All such Tax Returns shall be prepared and filed on a timely basis, consistent with past practice, except where otherwise required under Applicable Law. The Purchaser will provide to the Seller Representative for their review, at least 15 Business Days before the relevant filing deadline, a copy of the Tax Return to be filed and, before filing such Tax Return, will take into account, acting reasonably, any comments of the Seller Representative on such Tax Return.

(3) To the extent that any Taxes are paid or non-cash Taxes are realized by any of the Purchased Corporations after Closing in respect of any taxation year or fiscal period ending on or prior to the Closing Date or in respect of any Pre-Closing Straddle Period, which are not otherwise included in the Adjustment Amount, provided that the Purchaser provides evidence to the Seller Representative representing the payment of such Taxes or realization of such non-cash Tax liabilities by or on behalf of such Purchased Corporation, the Shareholders shall promptly pay an amount to the Purchaser



equal to such Taxes paid or non-cash Tax liabilities accrued, which payment shall constitute a dollar for dollar decrease to the Purchase Price for all applicable Tax purposes.

(4) In the case of any Straddle Period and Pre-Closing Straddle Period, the amount of Taxes allocable to the portion of the Pre-Closing Straddle Period ending immediately prior to the Closing Date shall be:

- (a) In the case of Taxes imposed on a periodic basis (such as 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) immediately above (such as franchise Taxes, 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 immediately prior to the time of the Closing.

(5) The Purchaser shall not, and shall not allow any of the Purchased Corporations to, for any taxation year or fiscal period ending on or before the Closing Date or in respect of any Pre-Closing Straddle Period:

- (a) amend, re-file, waive, modify, otherwise change, or grant an extension of any statute of limitations with respect to the financial statements, Taxes or any Tax Returns of such Purchased Corporation; or
- (b) request, an audit or assessment or re-assessment of any such Tax Returns,

where such action would or may increase the indemnity obligations of the Shareholders under this Agreement, except that the Company will not be restricted from doing the foregoing to the extent required by the Canada Revenue Agency or by Applicable Law.

(6) The Shareholders shall be entitled to be paid by the Purchaser an amount equal to any refund of (or credit for) Taxes paid by or for the account of the Company attributable to any period ending on or before the Closing Date or any Pre-Closing Straddle Period (including interest thereon net of any Taxes attributable to such interest) whether as a result of an assessment, reassessment or otherwise, to the extent not shown or reflected in the Company Financial Statements. Any such payment shall be a dollar for dollar increase to the Purchase Price for all applicable Tax purposes.

(7) The Shareholders, the Company and the Purchaser shall co-operate fully with each other and make available to each other in a timely fashion all personnel and documents, data and other information as may reasonably be required in connection with all matters contemplated in this Section 5.08.

(8) If, at any time after the Closing Time, the Purchaser or any Shareholder determines, or becomes aware that an "advisor" (as defined in the Tax Act for purposes of section 237.3 of the Tax Act or for purposes of section 237.4 of the Tax Act, as applicable) has determined, that the transactions contemplated by this Agreement, or any transaction that may be considered to be part of the same series of transactions as the transactions contemplated by this Agreement, are or would be subject to the reporting requirements under section 237.3 of the Tax Act, or the notification requirements under section 237.4 of the Tax Act, or any substantially similar provision of any

applicable Tax Laws (the "**Disclosure Requirements**"), the Purchaser or each such Shareholder, as the case may be, will inform the other parties of its intent, or its advisor's intent, to comply with the Disclosure Requirements and the parties will cooperate with respect to preparing and filing the applicable information returns or notifications, or both.

#### 5.09 **Directors' and Officers' Insurance**

(1) At the direction of the Seller Representative, the Purchaser will cause the Purchased Corporations to, within forty-five (45) Business Days from the Closing Date, purchase for the period from the Closing Date, or the date of which it is acquired, whichever comes after, until 6 years after the Closing Date, a tail directors' and officers' liability insurance policy (the "**D&O Tail Policy**") providing coverage for the present and former directors and officers of the Purchased Corporations with respect to any claims arising from facts or events that occurred on or prior to the Closing (including in connection with this Agreement or the transactions contemplated hereby or under this Agreement). The Purchaser shall cause the Purchased Corporations to maintain such insurance policy for the 6-year period provided herein and may reasonably amend, waive or modify such insurance policy so long as it does not materially prejudice the present and former directors and officers of the Purchased Corporations.

(2) In the event the Purchaser, the Purchased Corporations, or any of their respective successors or assigns (i) consolidates or amalgamates with or merges into any other Person, or (ii) transfers all or substantially all of its properties and assets to any Person, then, and in either such case, proper provision shall be made so that the successors and assigns of the Purchaser, or any Purchased Corporation, as the case may be, shall assume or otherwise continue to be bound by all of the obligations set forth in this Section 5.09.

(3) The terms and provisions of this Section 5.09 are intended to be in addition to the rights otherwise available to the current and former directors and officers of the Purchased Corporations pursuant to applicable Law, the organizational documents of the Purchased Corporations or any other indemnification agreements; provided, however, that any claims made by the current and former directors and officers of the Purchased Corporations shall first be made against the D&O Tail Policy.

#### 5.10 **Discharge of Personal Guarantees.**

The Purchaser agrees to use its commercially reasonable efforts to (i) prior to Closing, facilitate the discharge of any personal guarantees delivered by any of the Company Shareholders or the STTS Shareholders pursuant to which any of the foregoing guarantee the obligations of the Company ("**Personal Guarantees**") and (ii) after Closing, do such things and deliver such additional conveyances, transfers and other assurances as may be required to discharge any and all Personal Guarantees.

### **ARTICLE 6** **CONDITIONS TO CLOSING**

#### 6.01 **Conditions for the Benefit of the Purchaser**

The purchase and sale of the Purchased Shares is subject to the following conditions being satisfied on or prior to the Closing Date, which conditions are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in its sole discretion:

- (a) **Truth of Representations and Warranties.** The representations and warranties of the Shareholders contained in this Agreement were true and correct as of the date of

this Agreement and are true and correct in all material respects as of the Closing Date, provided that in respect of the Closing Date, to the extent any such representations and warranties of the Shareholders contains any materiality qualification, such representations and warranties are accurate in all respects, with the same force and effect as if such representations and warranties had been made on and as of such date and the Seller Representative shall have executed and delivered a certificate to that effect. Upon the delivery of such certificate, the representations and warranties of the Shareholders in Article 3 will be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date.

- (b) **Performance of Covenants.** The Shareholders shall have fulfilled or complied with all covenants contained in this Agreement required to be fulfilled or complied with by them at or prior to the Closing, and the Seller Representative shall have executed and delivered a certificate to that effect.
- (c) **Consents and Authorizations.** All Required Consents will have been obtained on terms acceptable to the Purchaser, acting reasonably. All Required Consents will be in force and will not have been modified or rescinded.
- (d) **TSXV Approval.** The conditional approval of the TSXV with respect to the transactions contemplated by this Agreement, including the listing and posting for trading of the SSC Shares comprising the Equity Consideration and the SSC Shares issuable pursuant to Section 2.05(3), shall have been obtained, with final TSXV approval subject only to customary conditions for transactions of a similar nature.
- (e) **Deliveries.** The Company and the Shareholders shall deliver or cause to be delivered to the Purchaser the following in form and substance satisfactory to the Purchaser, acting reasonably:
  - (i) a certified copy of the constating documents and the by-laws of the Purchased Corporations;
  - (ii) a certified copy of the resolutions of the directors of the Company approving this Agreement and completion of the transactions contemplated hereby;
  - (iii) a certificate of status with respect to each of the Purchased Corporations issued by the appropriate government officials;
  - (iv) share certificates evidencing the Purchased Shares duly endorsed in blank for transfer, or accompanied by an irrevocable security transfer power of attorney duly executed in blank, in either case by the holders of record;
  - (v) a central securities register of the Company, showing the Purchaser as the holder of the Purchased Shares;
  - (vi) share certificates registered in the name of the Purchaser representing the Purchased Shares;
  - (vii) the Employment Agreements, executed by each of the employees thereto;
  - (viii) the Escrow Agreement, executed by the Seller Representative and the Shareholders;

- (ix) the Non-Competition and Non-Solicitation Agreements, executed by each of the Shareholders;
  - (x) evidence, satisfactory to the Purchaser acting, that (i) the Atema Company Encumbrance has been discharged and (ii) the Atema Share Encumbrance has been discharged, together with such other documentation as is reasonably requested by the Purchaser in connection therewith;
  - (xi) evidence, satisfactory to the Purchaser acting reasonably, that the EY Fee has been paid in full; and
  - (xii) mutual release executed by the Shareholders and the Company, whereby each shall agree to release the other for any claims existing up to Closing arising in connection with the Shareholders acting as a director, officer, employee or consultant of the Company.
- (f) **No Material Adverse Change.** Since the date of the latest Company Financial Statements, there shall not have occurred any Material Adverse Change.
- (g) **No Legal Action.** No action or proceeding will be pending or threatened by any Person (other than the Purchaser), and there is no order or notice from any Governmental Entity, to (or seeks to) enjoin, restrict or prohibit, on a temporary or permanent basis any of the transactions contemplated by this Agreement or imposing any terms or conditions on the transactions contemplated by this Agreement, the Business or the business of the Purchaser or otherwise limiting the right of the Purchaser to conduct its business or the Business after Closing on substantially the same basis as heretofore operated.

## 6.02 Conditions for the Benefit of the Shareholders.

The purchase and sale of the Purchased Shares is subject to the following conditions being satisfied on or prior to the Closing Date, which conditions are for the exclusive benefit of the Shareholders and may be waived, in whole or in part, by the Seller Representative in its sole discretion.

- (a) **Truth of Representations and Warranties.** The representations and warranties of the Purchaser contained in this Agreement were true and correct as of the date of this Agreement and are true and correct in all material respects as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such date, provided that in respect of the Closing Date, to the extent any such representations and warranties containing any materiality qualification, such representations and warranties are accurate in all respects, and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect. Upon delivery of such certificate, the representations and warranties of the Purchaser in Article 4 will be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date.
- (b) **Performance of Covenants.** The Purchaser shall have fulfilled or complied with all covenants contained in this Agreement required to be fulfilled or complied with by it at or prior to Closing and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect.

- (c) **Deliveries.** The Purchaser shall deliver or cause to be delivered to the Seller Representative the following in form and substance satisfactory to the Seller Representative, acting reasonably:
- (i) a certified copy of a resolution of the board of directors of the Purchaser approving this Agreement and the completion of the transactions contemplated hereby;
  - (ii) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by the appropriate government official where applicable;
  - (iii) certificates or direct registration system statements representing the Equity Consideration, registered as directed by the Seller Representative;
  - (iv) the Employment Agreements, executed by the Company;
  - (v) the Escrow Agreement, executed by the Purchaser and the Escrow Agent;
  - (vi) the Non-Competition and Non-Solicitation Agreements, executed by the Company;
  - (vii) the Promissory Note, executed by the Purchaser;
  - (viii) the Patent Reverse Earnout Note, executed by the Purchaser;
  - (ix) the Reverse Earnout Note, executed by the Purchaser; and
  - (x) the General Security Agreement in favour of the Shareholders executed by the Purchaser, securing the Purchaser's obligations under the Promissory Note.
- (d) **TSXV Approval.** The conditional approval of the TSXV with respect to the transactions contemplated by this Agreement, including the listing and posting for trading of the SSC Shares comprising the Equity Consideration and the SSC Shares issuable pursuant to Section 2.05(3) and Section 2.06(3), shall have been obtained, with final TSXV approval subject only to customary conditions for transactions of a similar nature.

## **ARTICLE 7**

### **TERMINATION AND CONFIDENTIALITY**

#### **7.01 Termination**

This Agreement may, by notice in writing given on or prior to the Closing Date, be terminated:

- (a) by mutual consent of the Seller Representative and the Purchaser;
- (b) by the Purchaser, if:
  - (i) there has been a material breach of this Agreement by any of the Shareholders and where such breach is capable of being cured, such breach has not been waived by the Purchaser or cured within 15 days following written notice of such breach by the Purchaser;

- (ii) any of the conditions in Section 6.01 have not been satisfied or it becomes reasonably apparent that any of such conditions will not be satisfied by the Closing Date (other than as result of the failure of the Purchaser to perform any of its material obligations) and the Purchaser has not waived such condition in writing at or prior to Closing;
  - (iii) there has occurred a Material Adverse Change; or
  - (iv) the Closing has not occurred on or prior to the Outside Date, provided that the Purchaser is not in material breach of any of its obligations or covenants under this Agreement.
- (c) by the Seller Representative, if:
  - (i) there has been a material breach of this Agreement by Purchaser and where such breach is capable of being cured, such breach has not been waived by the Seller Representative or cured within 15 days following written notice of such breach by the Seller Representative;
  - (ii) any of the conditions in Section 6.02 have not been satisfied or it becomes reasonably apparent that any of such conditions will not be satisfied by the Closing Date (other than as result of the failure of any of the Shareholders to perform any of its material obligations) and the Shareholders have not waived such condition at or prior to Closing; or
  - (iii) the Closing has not occurred on or prior to the Outside Date, provided that no Shareholder is in material breach of any of the obligations or covenants under this Agreement.

## 7.02 **Effect of Termination**

The Shareholders' right of termination under this Article 7 and/or the Purchaser's rights of termination under this Article 7 and Section 5.06 are in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination by a Party will not constitute an election of remedies. If this Agreement is terminated pursuant to Article 7 or Section 5.06, this Agreement will be of no further force or effect; provided, however, that (a) Section 7.03, this Section 7.02, and Article 10 will survive the termination of this Agreement, and (b) the termination of this Agreement will not relieve any Party from any liability for any breach of this Agreement occurring prior to termination.

## 7.03 **Non-Disclosure / Non-Use of Confidential Information.**

- (1) The Shareholders covenant to the Purchaser that, effective as of the Closing Date and for a period of 24 months thereafter, the Shareholders and their respective Representatives shall hold in strictest confidence, and not use in any manner whatsoever, any Confidential Information.
- (2) The undertaking set out in Section 7.01 does not apply if:
  - (a) Confidential Information is disclosed as expressly permitted by, or necessary or advisable for the performance of, this Agreement;
  - (b) Confidential Information can reasonably be demonstrated to have entered the public domain or been furnished by the Purchaser or any of its Representatives to the public;

- (c) Confidential Information was disclosed with the prior approval of the Purchaser;
- (d) Confidential Information was received by the Shareholders from a third party who did not acquire it directly or indirectly from the Purchaser under an existing obligation of confidence;
- (e) Confidential Information is required to be disclosed by the Shareholders and/or their respective Representatives pursuant to Applicable Law or upon the lawful demand of any Governmental Entity or by a court of competent jurisdiction; or
- (f) Confidential Information is reasonably required to be disclosed in connection with any dispute resolution or any litigation commenced in respect of this Agreement.

(3) Subject to Applicable Law or any demand, subpoena, injunction, decision or other order binding on the Shareholders, prior to disclosing any Confidential Information to any Governmental Entity or to a court of competent jurisdiction pursuant to Sections 7.03(2)(e) or 7.03(2)(f), the Purchaser will have the opportunity to review and comment upon the request and the Confidential Information requested, and may participate with the Shareholders and/or its Representatives in discussions with the Governmental Entity or court concerning the scope and content of the requested Confidential Information. The Purchaser will take reasonable steps to enable the Shareholders and/or its Representatives to comply with such requests consistent with the Purchaser's lawful rights to protect Confidential Information. All reasonable efforts shall be made to request the Governmental Entity or court to keep confidential any Confidential Information that must be disclosed to it. Nothing herein shall be deemed or construed to affect the right of any Party to take such action as it may deem advisable, including legal action, to protect Confidential Information. All expenses incurred by the Shareholders pursuant to this Section shall be for the account of and paid in advance by the Purchaser and the Company.

(4) The Shareholders acknowledge that any breach by the Shareholders or any of their Representatives of the provisions of this Section 7.01 is likely to cause irreparable damage to the Purchaser, and, accordingly, in addition to any other legal or equitable remedies provided by law, the Purchaser shall be entitled to specific performance and injunctive and other equitable relief in case of any such breach.

## **ARTICLE 8**

### **INDEMNIFICATION**

#### **8.01 Indemnification in Favour of the Purchaser.**

(1) Subject to Sections 8.03, 8.04 and 8.08 each of the below groups of Shareholders will severally, and not jointly and severally, indemnify and save the Purchaser harmless of and from any loss, liability, claim, damage or expense (whether or not involving a third-party claim) including legal expenses (collectively, "**Damages**") suffered by, imposed upon or asserted against the Purchaser as a result of, in respect of, connected with, or arising out of, under, or pursuant to:

- (a) for all Shareholders, any failure of the Shareholders to perform or fulfil any covenant or agreement of the Shareholders under this Agreement or the Non-Competition and Non-Solicitation Agreements;
- (b) for all Shareholders, any breach, misrepresentation or inaccuracy of any representation or warranty given by the Company, STTS or the Shareholders contained in this Agreement or the Non-Competition and Non-Solicitation Agreements;

- (c) for all Shareholders, any liability for Taxes for which the Company may become liable after the Closing Date for any taxation year or period that ends on or before the Closing Date or that are attributable to any Pre-Closing Straddle Period, but excluding any Taxes which have been accounted for in the calculation of the Adjustment Amount; and
- (d) for STTS Shareholders only, any liability for Taxes for which STTS may become liable after the Closing Date for any taxation year or period that ends on or before the Closing Date or that are attributable to any Pre-Closing Straddle Period, but excluding any Taxes which have been accounted for in the calculation of the Adjustment Amount.

(2) The Purchaser shall first set-off the amount of any Damages payable to it by the Shareholders pursuant to this Section 8.01 against (i) any and all amounts which are owing to the Shareholders pursuant to the Promissory Note and (ii) any and all amounts which are due and payable as at such date to the Shareholders pursuant to the Contingent Consideration or the Patent Consideration, in each case on a dollar-for-dollar basis, before any Shareholder shall be required to pay additional amounts to the Purchaser pursuant to this Section 8.01.

(3) In the event that any Damages are payable by the Shareholders to the Purchaser pursuant to this Section 8.01 at a time when (i) amounts owed under the Promissory Note have not been paid in full or (ii) when payments which have become due and payable pursuant to the accrued Contingent Consideration or Patent Consideration have not been satisfied in full, the Purchaser must first seek recourse against the Shareholders by setting-off such Damages pursuant to Section 8.01(2).

#### 8.02 **Indemnification in Favour of the Shareholders.**

Subject to Sections 8.03, 8.04 and 8.08 the Purchaser will indemnify and save each of the Shareholders harmless of and from any Damages suffered by, imposed or asserted against any of the Shareholders as a result of, in respect of, connected with, or arising out of, under or pursuant to:

- (a) any failure of the Purchaser to perform or fulfil any covenant or agreement of the Purchaser under this Agreement; and
- (b) any breach, misrepresentation or inaccuracy of any representation or warranty given by the Purchaser contained in this Agreement.

#### 8.03 **Time Limitations.**

(1) The Shareholders obligations under Section 8.01 shall be subject to the following limitations:

- (a) subject to Section 8.03(1)(b) and 8.03(1)(c), the obligations of the Shareholders under Section 8.01 shall terminate on the date that is 24 months from the date of Closing, except with respect to *bona fide* claims by the Purchaser set forth in written notices given by the Purchaser to the Seller Representative on or prior to such date;
- (b) the obligations of the Shareholders under Section 8.01 in respect of any claim relating to or impacted by Tax matters, including any claim arising in respect of a breach of Section 3.02(ii), or arising under Section 8.01(1)(c) or 8.01(1)(d), shall terminate on the date which is 90 days after the relevant Governmental Entities shall no longer be entitled to assess or reassess liability for Taxes against the Company for that particular period, having regard, without limitation, to any waivers given by the Company in respect of any taxation year, except with respect to *bona fide* claims by the Purchaser



set forth in written notices given by the Purchaser to the Seller Representative on or prior to such date; and

- (c) the obligations of the Shareholders under Section 8.01(1)(b) with respect to:
  - (i) any claims based on the absence of, or deficiency in, the title of the Shareholders to the Purchased Shares or any incorrectness in or breach of:
    - (A) any of the representations and warranties set out in Sections 3.01(a), 3.01(b), 3.01(c), 3.01(d), 3.01(e), 3.01(h), 3.02(a), 3.02(b), 3.02(c), 3.02(d), 3.02(ii) and 3.02(jj) (collectively, the "**Fundamental Representations**") or (B) any of the representations and warranties with respect to or regarding STTS or the shares of STTS (the "**STTS Representations**"); and
  - (ii) any claims based on fraud or fraudulent misrepresentation by the Shareholders,

shall terminate on the date which is the last day of a three (3) year ultimate limitation period, except with respect to *bona fide* claims by the Purchaser set forth in written notices given by the Purchaser to the Seller Representative on or prior to such date.

- (2) The obligations of the Purchaser under Section 8.02(b) shall terminate on the date that is 24 months from the date of Closing, except with respect to *bona fide* claims by the Seller Representative, on behalf of the Shareholders, set forth in written notices given by the Seller Representative to the Purchaser on or prior to such date.

#### 8.04 **Limitations.**

- (1) Subject to Section 8.04(3), the Shareholders shall not be required to indemnify the Purchaser, and the Purchaser shall not be required to indemnify the Shareholders, for Damages hereunder until the aggregate of all such Damage, in each case, exceeds \$100,000 (the "**Indemnity Threshold**"), at such point, the Purchaser or the Shareholders, as applicable, shall be entitled to Damages exceeding the Indemnity Threshold.

- (2) Subject to Section 8.04(3), the maximum aggregate liability of the Shareholders, in aggregate, or the Purchaser under this Agreement for all Damages is 25% of the principal amount of the Promissory Note as at Closing and the maximum aggregate of all Damages for which the Shareholders, in aggregate, or the Purchaser shall be entitled to indemnification hereunder shall not exceed 25% of the principal amount of the Promissory Note as at Closing. For further clarification, the liability of each of the Shareholders under this Section 8.04(2), will be limited to their pro rata share (as set forth in Schedule D) of the foregoing maximum aggregate liability amounts.

- (3) Notwithstanding the foregoing, the limits set out in Sections 8.04(1) and 8.04(2) shall not apply to:

- (a) claims arising in respect of a breach of the Non-Competition and Non-Solicitation Agreements or any of the terms and conditions therein;
- (b) fraud or fraudulent misrepresentation of a Party;
- (c) claims arising under Section 8.02(a);
- (d) claims arising in respect of a breach of a Fundamental Representation or arising under Section 8.01(1)(c) or 8.01(1)(d); or

- (e) claims arising in respect of a breach of a STTS Representation.

8.05 **Procedure for Indemnification - Other Claims.**

A claim for indemnification for any matter not involving a third-party claim may be asserted by notice to the Party from whom indemnification is sought.

8.06 **Indemnification Proceedings - Third Party Claims.**

(1) Promptly after receipt by an Indemnified Party under Section 8.01 or Section 8.02 of a notice of commencement of any proceeding against it by a third party, the Indemnified Party will, if a claim is to be made against an indemnifying party under such Section, give notice to the indemnifying party (an "**Indemnifying Party**") of the commencement of such claim. The failure to notify the Indemnifying Party will not relieve the Indemnifying Party of any liability that it may have to any Indemnified Party, except to the extent that the Indemnifying Party demonstrates that the defence of such action is prejudiced by the Indemnified Party's failure to give such notice.

(2) If any proceeding referred to in Section 8.06(1) (a "**Proceeding**") is brought against an Indemnified Party and it gives notice to the Indemnifying Party of the commencement of the Proceeding, the Indemnifying Party will unless the claim involves Taxes, be entitled to participate in the Proceeding as hereinafter provided. Subject to the next following sentence, to the extent that the Indemnifying Party wishes to assume the defence of the Proceeding with counsel satisfactory to the Indemnified Party, it may do so provided it reimburses the Indemnified Party for all of its out-of-pocket expenses (including solicitor's fees and disbursements) arising prior to or in connection with such assumption. The Indemnifying Party may not assume defence of the Proceeding if (i) the Indemnifying Party is also a party to the Proceeding and the Indemnified Party determines in good faith that joint representation would be inappropriate, or (ii) the Indemnifying Party fails to provide reasonable assurance to the Indemnified Party of its financial capacity to defend the Proceeding and provide indemnification with respect to the Proceeding. After notice from the Indemnifying Party to the Indemnified Party of its election to assume the defence of the Proceeding as against the Indemnified Party, the Indemnifying Party will not, as long as it diligently conducts such defence, be liable to the Indemnified Party under this Section 8.06 in connection with the defence of the Proceeding, other than reasonable costs of investigation. If the Indemnifying Party assumes the defence of a Proceeding as against the Indemnified Party: (i) no compromise or settlement of such claims may be made by the Indemnifying Party without the Indemnified Party's consent (which may not be unreasonably withheld) unless (A) there is no finding or admission of any violation of Applicable Laws or any violation of the rights of any Person and no adverse effect on any other claims that may be made against the Indemnified Party, and (B) the sole relief provided is monetary damages that are paid in full by the Indemnifying Party; and (ii) the Indemnified Party will have no liability with respect to any compromise or settlement of such claims effected without its consent not to be unreasonably withheld. If notice is given to an Indemnifying Party of the commencement of any Proceeding and the Indemnifying Party does not, within 30 days after receipt of such notice, give notice to the Indemnified Party of its election to assume the defence of the Proceeding, the Indemnifying Party will not be entitled to assume the defence and will be bound by any determination made in the Proceeding or any compromise or settlement effected by the Indemnified Party acting in good faith.

(3) Notwithstanding the foregoing, if an Indemnified Party determines in good faith that there is a reasonable probability that a Proceeding may adversely affect it or its Affiliates other than as a result of monetary damages for which it would be entitled to indemnification under this Agreement, the Indemnified Party may, by notice to the Indemnifying Party, assume the exclusive right to defend, compromise, or settle the Proceeding. In such case, the Indemnifying Party will not be bound by any compromise or settlement effected without its consent (which may not be unreasonably withheld) but will be bound by a final and conclusive judgment of a court of competent jurisdiction.

(4) Where the defence of a Proceeding is being undertaken and controlled by the Indemnifying Party, the Indemnified Party will use its Best Efforts to make available to the Indemnifying Party those employees, officers and directors whose assistance, testimony or presence is necessary to assist the Indemnifying Party in evaluating and defending any such claims. However, the Indemnifying Party will be responsible for the reasonable out-of-pocket expenses associated with any employees, officers and directors made available by the Indemnified Party to the Indemnifying Party pursuant to this Section 8.06(4).

(5) With respect to any Proceeding at the request of the Indemnifying Party, the Indemnified Party will make available to the Indemnifying Party or its representatives on a timely basis all documents, records and other materials in the possession of the Indemnified Party, at the expense of the Indemnifying Party, reasonably required by the Indemnifying Party for its use in defending any such claim and will otherwise cooperate on a timely basis with the Indemnifying Party in the defence of such claim.

(6) With respect to any Proceeding in respect of income, corporate, sales, excise, or other liability for Taxes enforceable by lien against the property of the Indemnified Party, the Indemnifying Party's right to so defend the Proceeding will only apply after payment of the re-assessment or the provision by the Indemnifying Party of such security as is required by the relevant Governmental Entity.

#### **8.07 Adjustment to Purchase Price.**

All amounts payable by a Shareholder to the Purchaser pursuant to Article 8 will be deemed to be a dollar for dollar decrease to the Purchase Price. All amounts payable by the Purchaser to a Shareholder pursuant to Article 8 will be deemed to be a dollar for dollar increase to the Purchase Price.

#### **8.08 Other Limitations and Rules Applicable to All Indemnity Claims.**

The following shall apply to all claims for indemnification made pursuant to this Article 8:

(1) In no circumstances shall any Party hereto be liable under this Agreement for any indirect, special, consequential, punitive or aggravated damages.

(2) Before a Party shall be required to indemnify and save another Party for any claim, the Indemnified Party and the Company must first seek and diligently pursue recovery for such loss under any applicable insurance policies held by them.

(3) Any amounts required to be paid to an Indemnified Party pursuant to this Article 8 will be reduced to the extent of: (i) any amounts an Indemnified Party or the Company actually receives in connection with the matters giving rise to the claim for indemnification pursuant to the terms of any insurance policies; and (ii) any related and reasonably determinable Tax benefit available to the Indemnified Party or the Company as a result of the matters giving rise to the claim for indemnification, provided that any such reasonably determinable Tax benefit actually results in a realizable cash Tax saving to such Indemnified Party or the Company.

(4) An Indemnified Party shall not be entitled to double recovery for any claims even though such claim may have resulted from the breach of more than one of the representations, warranties, or covenants given by it or another Party in this Agreement.

(5) Nothing in this Agreement shall in any way restrict or limit the general obligation at law of an Indemnified Party or the Company to mitigate any loss that it may suffer or incur by reason of

the breach by an Indemnifying Party of any representation, warranty or covenant given by it in this Agreement.

**8.09 Exclusive Remedy.**

Notwithstanding any other provision of this Agreement, but subject to the right to pursue specific performance and injunctive and other equitable relief pursuant to Section 7.03(4) and Section 10.09, including, for greater certainty, the right to pursue specific performance and injunctive and other equitable relief under the Non-Competition and Non-Solicitation Agreements or any of the terms and conditions therein which form part of this Agreement, no claim may be brought by any Indemnified Party against an Indemnifying Party for any breach of representation or warranty or for any non-performance or non-fulfillment of any covenant or agreement hereunder or thereunder, other than pursuant to and subject to the provisions of this Article 8. Subject to the right to pursue specific performance and injunctive and other equitable relief pursuant to Section 7.03(4) and Section 10.09, including, for greater certainty, the right to pursue specific performance and injunctive and other equitable relief under the Non-Competition and Non-Solicitation Agreements or any of the terms and conditions therein which form part of this Agreement, the rights of indemnity set forth in this Article 8 are the sole and exclusive remedy of each Indemnified Party in respect of any misrepresentation, incorrectness in or breach of any representation or warranty, or breach of covenant, indemnity or other obligation, by an Indemnifying Party under this Agreement or the Non-Competition and Non-Solicitation Agreements, other than with respect to fraud by that Party. Accordingly, except pursuant to this Article 8 and the right to pursue specific performance and injunctive and other equitable relief pursuant to Section 7.03(4) and Section 10.09, including, for greater certainty, the right to pursue specific performance and injunctive and other equitable relief under the Non-Competition and Non-Solicitation Agreements or any of the terms and conditions therein which form part of this Agreement, each Indemnified Party waives and releases any and all rights, remedies and claims that it may have against an Indemnifying Party, whether at law, under any statute or in equity, or otherwise, directly or indirectly, relating to the provisions of this Agreement, the Non-Competition and Non-Solicitation Agreements or the transactions contemplated hereby and thereby other than those arising with respect to any fraud by the Indemnifying Party subject to the claim.

**ARTICLE 9**  
**PRIVACY**

**9.01 Compliance with Applicable Privacy Laws.**

(1) The Company acknowledges and confirms that it has materially complied at all times with Applicable Privacy Laws which govern the collection, use and disclosure of the Transferred Information. The Company hereby covenants and agrees to advise the Purchaser of all purposes for which the Transferred Information was initially collected from or in respect of the individual to which such Transferred Information relates and all additional purposes where they have notified the individual of such additional purpose, and or disclosure, unless such use or disclosure is permitted or authorized by law, without notice to, or consent from, such individual provided however that in such case the Company shall have advised the Purchaser of the legislative provisions on which they are relying.

(2) Prior to Closing, none of the Parties shall use the Transferred Information for any purposes other than those related to the performance of this Agreement.

(3) Each of the Parties acknowledges and confirms that the disclosure of Personal Information is necessary for the purposes of determining if the Parties shall proceed with the transactions contemplated in this Agreement, and that the disclosure of Personal Information relates solely to the carrying on of the Business.

(4) The Purchaser undertakes, after Closing, to utilize the Personal Information only for those purposes for which the Personal Information was initially collected from or in respect of individuals, including the Employees.

(5) The Parties covenant and agree that where the Parties do not complete or proceed with the transactions contemplated in this Agreement, each Party who received Transferred Information shall, if such information is still in the custody of or under the control of such Party, either, at such Party's option, destroy such information or return it to the Party that disclosed it.

## **ARTICLE 10** **MISCELLANEOUS**

### **10.01      Notices.**

(1) Any notice, direction or other communication given under this Agreement will be in writing and given by delivering it or sending it by email electronic copy as follows:

(a) If to the Purchaser, at:

Simply Solventless Concentrates Ltd.  
273209 Range Road 20  
Rocky View County, Alberta T0M 0E0

Attention:      Jeff Swainson  
Email:            [REDACTED]

with a copy to:

Stikeman Elliott LLP  
Suite 4200, 888 – 3<sup>rd</sup> Street S.W.  
Calgary, Alberta T2P 5C5

Attention:      Gord Cameron  
Email:            [REDACTED]

(b) If to the Company, at:

ANC Inc.  
6914 – 34<sup>th</sup> Street  
Edmonton, Alberta T6B 2X2

Attention:      Clayton Bordeniuk  
Email:            [REDACTED]

with a copy to:

Gowling WLG (Canada) LLP  
421 7 Ave SW Suite #1600  
Calgary, AB T2P 4K9

Attention: Greg Peterson

Email: [REDACTED]

(c) If to the Shareholders or the Seller Representative, at:

Clayton Bordeniuk  
6914 – 34<sup>th</sup> Street  
Edmonton, Alberta T6B 2X2

Attention: Clayton Bordeniuk

Email: [REDACTED]

with a copy to:

Gowling WLG (Canada) LLP  
421 7 Ave SW Suite #1600  
Calgary, AB T2P 4K9

Attention: Greg Peterson

Email: [REDACTED]

(2) Any such communication will be deemed to have been validly and effectively given (i) if personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Calgary time) and otherwise on the next Business Day, or (ii) if transmitted by email electronic copy, on the Business Day following the date of confirmed transmission. Any Party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice will be sent to such Party at its changed address.

10.02 **Time of the Essence.**

Time is of the essence of this Agreement.

10.03 **Announcements.**

At all times prior to Closing, any press release or public statement or announcement (a "**Public Statement**") with respect to the transaction contemplated in this Agreement will be made only with the prior written consent and joint approval the Company and the Purchaser unless such Public Statement is required by Applicable Law, in which case the Party required to make the Public Statement will use its Best Efforts to obtain the approval of the other Party as to the form, nature and extent of the disclosure.

Notwithstanding the above, the Shareholders acknowledge that as a publicly-listed issuer, the Purchaser will be required to file on SEDAR+ a news release, a material change report in respect of the transactions contemplated by this Agreement and a redacted copy of this Agreement, and may disclose the material terms of the transactions contemplated by this Agreement in its next quarterly results and other continuous disclosure documents required to be filed by the Purchaser under applicable securities laws and stock exchange rules. The Seller Representative shall be afforded a reasonable opportunity to review and comment on such disclosure of the material terms of the transactions contemplated by this Agreement, when first disclosed, and the redacted copy of this Agreement.

10.04      **Expenses.**

Except as otherwise expressly provided in this Agreement, all costs and expenses, including the fees and disbursements of legal counsel, incurred in connection with this Agreement and the transactions contemplated herein will be paid by the Party incurring such expenses.

10.05      **Further Assurances.**

From time to time after the Closing Date, each Party will at the request of the other Parties execute and deliver such additional conveyances, transfers and other assurances as may be reasonably required to effectively transfer the Purchased Shares to the Purchaser and carry out the intent of this Agreement and the other transactions described herein.

10.06      **Amendments.**

This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by the Parties.

10.07      **Waiver.**

(1) No waiver of any of the provisions of this Agreement will be deemed to constitute a waiver of any other provision (whether or not similar), nor will such waiver be binding unless executed in writing by the Party to be bound by the waiver.

(2) No failure on the part of any Party to exercise, and no delay in exercising any right under this Agreement will operate as a waiver of such right, nor will any single or partial exercise of any such right preclude any other or further exercise of such right or the exercise of any other right.

10.08      **Entire Agreement.**

This Agreement and the agreements to be entered into pursuant hereto constitute the entire agreement between the Parties with respect to the transactions contemplated in this Agreement and the agreements to be entered into pursuant hereto and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, including, for greater certainty, the Letter of Intent. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement and the agreements to be entered into pursuant hereto, except as specifically set forth herein and therein and the Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement and the agreements to be entered into pursuant hereto.

10.09            **Specific Performance.**

The Parties agree that irreparable damage would occur if any provision of this Agreement, the Non-Competition and Non-Solicitation Agreements and the agreements to be entered into pursuant hereto or thereto were not performed in accordance with the terms hereof or thereof and that the Parties shall be entitled to specific performance of the terms hereof or thereof, in addition to any other remedy to which they are entitled at law or in equity.

10.10            **Successors and Assigns.**

(1)        This Agreement will become effective when executed by the Parties and after that time will be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns.

(2)        Except as provided in this Section 10.10, neither this Agreement nor any of the rights or obligations under this Agreement will be assignable or transferable by any Party without the prior written consent of the other.

10.11            **Severability.**

If any provision of this Agreement is determined by an arbitrator or any court of competent jurisdiction to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

10.12            **Governing Law.**

This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

10.13            **Counterparts.**

This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together will be deemed to constitute one and the same instrument.

***[Remainder of page intentionally left blank.]***



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

**SIMPLY SOLVENTLESS CONCENTRATES LTD.**

Per: "Jeff Swainson"  
Name: Jeff Swainson  
Title: Chief Executive Officer

**ANC INC.**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SUPER TECHNICAL THINGS & STUFF LTD.**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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

**SIMPLY SOLVENTLESS CONCENTRATES LTD.**

Per:

\_\_\_\_\_  
Name:

Title:

**ANC INC.**

Per:

\_\_\_\_\_  
"Clayton Bordeniuk"

Name: Clayton Bordeniuk

Title: Authorized Signatory

**SUPER TECHNICAL THINGS & STUFF LTD.**

Per:

\_\_\_\_\_  
"Tairance Rutter"

Name: Tairance Rutter

Title: Authorized Signatory

**ALTEK ACQUISITION PARTNERSHIP** by its  
managing partner, 2009034 Alberta Inc.

Per:

\_\_\_\_\_  
"Mike Atema"

Name: Mike Atema

Title: Authorized Signatory

Signature Page to Share Purchase Agreement

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Witness

"Clayton Bordeniuk"

---

Clayton Bordeniuk

---

Witness

"Tairance Rutter"

---

Tairance Rutter

---

Witness

"James Clarke"

---

James Clarke

---

Witness

"Thomas Facciolo"

---

Thomas Facciolo

**MEOW MEOW INDUSTRIES INC.**

Per: "Tairance Rutter"  
Tairance Rutter  
Authorized Signatory

**SILLYFISH INC.**

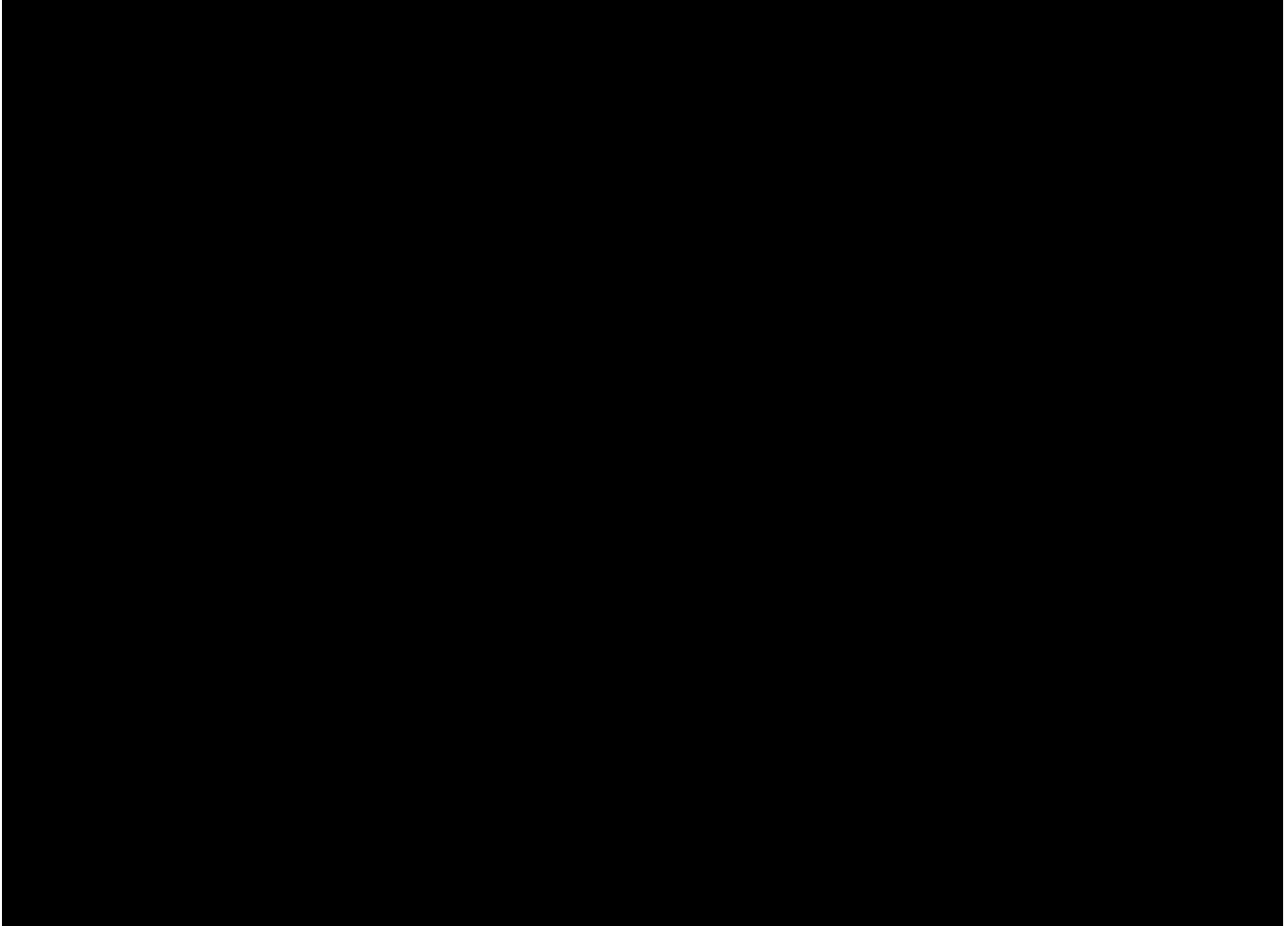
Per: "James Clarke"  
James Clarke  
Authorized Signatory

**2569706 ALBERTA LTD.**

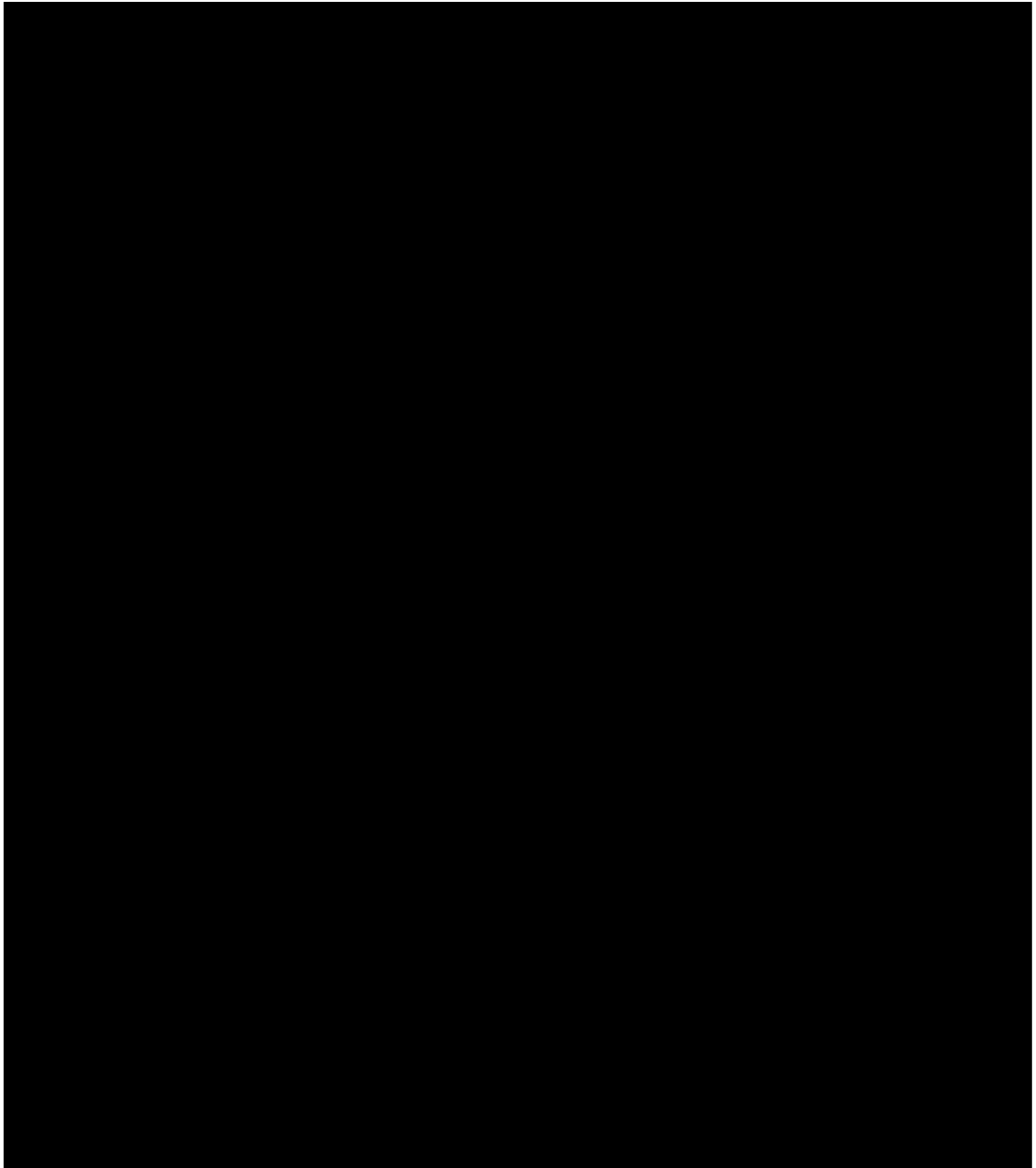
Per: "Thomas Facciolo"  
Thomas Facciolo  
Authorized Signatory

## SCHEDULE A

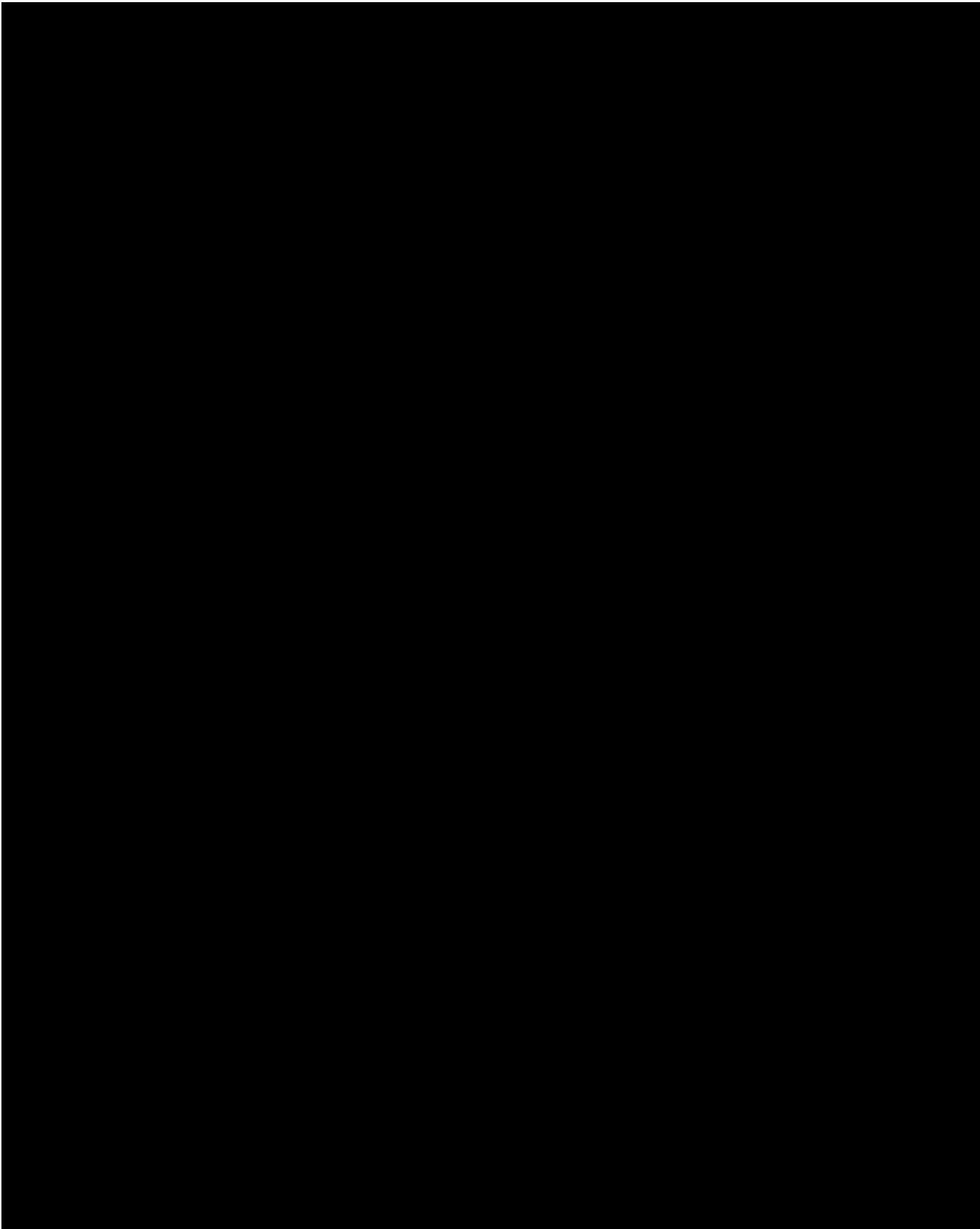
### Pro Forma Statement of EBITDA



commercially  
sensitive  
information



*commercially  
sensitive  
information*



commercially  
sensitive  
information

commercially  
sensitive  
information



## **SCHEDULE B**

### **General Security Agreement**

*Please see attached.*

## SECURITY AGREEMENT

Security agreement dated as of [●], 2024 made by **SIMPLY SOLVENTLESS CONCENTRATES LTD.** (the “**Obligor**”), to and in favour of the Secured Creditor, for the benefit of the Secured Lenders.

### RECITALS:

- (a) The Obligor, as purchaser, ANC Inc. (“**ANC**”), Super Technical Things & Stuff Ltd. (“**STTS**”), and each of the shareholders of ANC and STTS, (collectively, the “**Secured Lenders**”) listed on the signature pages thereto, have entered into a share purchase agreement (the “**Purchase Agreement**”) dated September 25, 2024 in respect of the sale of all of the issued and outstanding shares in the capital of ANC and STTS held by the Secured Lenders, as applicable;
- (b) The Obligor is a debtor under a promissory note (the “**Note**”) dated as of the date hereof, in favour of the Lenders (as defined therein), in connection with the Purchase Agreement; and
- (c) It is a condition of the Purchase Agreement that the Obligor execute and deliver this Agreement in favour of the Secured Creditor as security for the payment and performance of the Secured Obligations.

In consideration of the foregoing and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Obligor agrees as follows.

## ARTICLE 1 INTERPRETATION

### Section 1.1 Defined Terms

As used in this Agreement, the following terms have the following meanings:

“**Agreement**” means this security agreement.

“**Collateral**” has the meaning specified in Section 2.1.

“**Event of Default**” has the meaning specified in the Note.

“**Excluded Collateral**” means the Collateral (under and as defined in the Receivables Purchase Agreement Supplement), the Collateral (under and as defined in the Receivables Purchase Agreement) and Purchased Receivables, Reserve, Dilution Reserve, Collections or any account to which any Collections are payable (under and each as defined in the Receivables Purchase Agreement).

“**Governmental Entity**” means (i) any governmental or public department, central bank, court, minister, governor-in-council, cabinet, commission, tribunal, board, bureau, agency or instrumentality, whether international, multinational, national, federal, provincial, state, 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.

“**Intellectual Property**” means domestic and foreign: (i) patents, 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) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, 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; (vii) 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; and (viii) any other intellectual property and industrial property.

**“Lien”** means (i) any mortgage, charge, pledge, hypothecation, security interest, deemed trust, assignment by way of security, encumbrance, lien (statutory or otherwise), hire purchase agreement, conditional sale agreement, deposit arrangement, title retention agreement or arrangement, or any other assignment, arrangement or condition that in substance secures payment or performance of an obligation, (ii) any trust arrangement, (iii) any arrangement which creates a right of set-off out of the ordinary course of business, or (iv) any agreement to grant any such rights or interests.

**“Permitted Liens”** means the following:

- (a) Liens for taxes, assessments or governmental charges not yet due or delinquent or the validity of which is being contested in good faith;
- (b) Liens arising in connection with workers' compensation, unemployment insurance, pension, employment or other social benefits laws or regulations which are not yet due or delinquent or the validity of which is being contested in good faith;
- (c) Liens under or pursuant to any judgment rendered or claim filed which are or will be appealed in good faith provided any execution thereof has been stayed;
- (d) undetermined or inchoate Liens and charges incidental to construction or current operations which have not at such time been filed pursuant to law or which relate to obligations not due or delinquent or the validity of which is being contested in good faith by appropriate proceedings;
- (e) Liens arising by operation of law such as builders' liens, carriers' liens, materialmen's liens and other liens of a similar nature which relate to obligations not due or delinquent or the validity of which is being contested in good faith by appropriate proceedings;
- (f) easements, rights-of-way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights-of-way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other persons which singularly or in the aggregate do not materially

detract from the value of the land concerned or materially impair its use in the operation of the business of the Obligor;

- (g) security given to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or other authority in connection with the operations of the Obligor, all in the ordinary course of its business;
- (h) the reservation in any original grants from the Crown of any land or interests therein and statutory exceptions to title;
- (i) Liens arising pursuant to or in connection with this Agreement;
- (j) Liens in favour of Banair Refrigeration and Air Conditioning Ltd. relating to registration number 21102830618 at the Alberta Personal Property Registry;
- (k) Liens in favour of: (i) ATB Financial relating to registration number 21020927661 at the Alberta Personal Property Registry; and (ii) Stoke Canada Finance Corp. relating to registration number 24012412681 at the Alberta Personal Property Registry; and
- (l) Other Liens approved in writing by the Secured Creditor.

**“Receivables Purchase Agreement”** means the receivable purchase agreement dated as of March 28 2023 between the Obligor, as seller, and Stoke Canada Finance Corp., as purchaser, as amended and supplemented by an amendment and supplement to receivables purchase agreement dated as of January 19, 2024, and the Receivables Purchase Agreement Supplement, and as may be further amended, modified or supplemented from time to time.

**“Receivables Purchase Agreement Supplement”** means the additional facility supplement #1 to the receivables purchase agreement dated as of January 19, 2024 between the Obligor, as debtor, and Stoke Canada Finance Corp., as secured party.

**“Restricted Asset”** has the meaning specified in Section 2.4(1).

**“Secured Obligations”** has the meaning specified in Section 2.2.

**“Secured Creditor”** means Clayton Bordeniuk, in his capacity as Seller Representative (under and as defined in the Purchase Agreement).

**“Secured Lenders”** means the Lenders (under and as defined in the Note).

**“Security”** means a security (as defined in the STA) and all other shares, interests, participations, rights in, or other equivalents (however designated and whether voting or non-voting) of, a Person's capital, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, and any all rights, warrants, options or other rights exchangeable for or convertible into any of the foregoing.

**“Security Interest”** has the meaning specified in Section 2.2.

## Section 1.2 Interpretation

- (1) Terms defined in the *Personal Property Security Act* (Alberta) ("**PPSA**") or the *Securities Transfer Act* (Alberta) ("**STA**") and used but not otherwise defined in this Agreement have the same meanings. For greater certainty, the terms "**account**", "**chattel paper**", "**document of title**", "**electronic chattel paper**", "**equipment**", "**goods**", "**intangible**", "**investment property**", "**money**", "**personal property**", "**proceeds**" and "**tangible chattel paper**" have the meanings given to them in the PPSA; and the terms "**certificated security**", "**control**", "**deliver**", "**entitlement holder**", "**financial asset**", "**securities account**", "**securities intermediary**", "**security entitlement**" and "**uncertificated security**" have the meanings given to them in the STA. Capitalized terms used in this Agreement but not defined have the meanings given to them in the Purchase Agreement.
- (2) In this Agreement the words "**including**", "**includes**" and "**include**" mean "**including (or includes or include) without limitation**". The expressions "**Article**", "**Section**" and other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Agreement.
- (3) Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (4) The division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.
- (5) The schedules attached to this Agreement form an integral part of it for all purposes of it.
- (6) Except as otherwise provided in this Agreement, any reference to this Agreement, the Purchase Agreement or the Note refers to this Agreement or the Purchase Agreement or the Note as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules attached to it. Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

## ARTICLE 2 SECURITY

### Section 2.1 Grant of Security

Subject to Section 2.4, the Obligor grants to the Secured Creditor, for the benefit of the Secured Lenders, a security interest in, and assigns, mortgages, charges, hypothecates and pledges to the Secured Creditor, for the benefit of the Secured Lenders, all of the property and undertaking of the Obligor now owned or hereafter acquired and all of the property and undertaking in which the Obligor now has or hereafter acquires any interest (collectively, the "**Collateral**") including all of the Obligor's:

- (a) present and after-acquired personal property;
- (b) inventory including goods held for sale, lease or resale, goods furnished or to be furnished to third parties under contracts of lease, consignment or service, goods which are raw materials or work in process, goods used in or procured for packing or shipping, and materials used or consumed in the business of the Obligor;

- (c) equipment, machinery, furniture, fixtures, plant, vehicles and other goods of every kind and description and all licences and other rights and all related records, files, charts, plans, drawings, specifications, manuals and documents;
- (d) accounts due or accruing, including deposit accounts (whether demand, term, cash, chequing, savings or other similar account, and whether or not evidenced by a certificate of deposit, account agreement, passbook or other document) maintained for the benefit of the Obligor by a bank, credit union, trust company or other financial institution, and all other monetary obligations due or accruing to the Obligor;
- (e) money, documents of title, chattel paper, financial assets and investment property;
- (f) securities accounts and all of the credit balances, securities entitlements, other financial assets and items or property (or their value) standing to the credit from time to time in such securities accounts;
- (g) Instruments;
- (h) Securities;
- (i) intangibles including all security interests, goodwill, choses in action, contracts, contract rights, licences and other contractual benefits;
- (j) Intellectual Property;
- (k) books, records, files, correspondence, invoices, documents, papers, agreements, computer programs, disks and other repositories of data recording or storage in any form or medium, evidencing or relating to the property described in this Section 2.1;
- (l) all substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Section 2.1(a) through Section 2.1(k) inclusive; and
- (m) all proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Section 2.1(a) through Section 2.1(l) inclusive, including the proceeds of such proceeds;

other than, in each case, any Excluded Collateral.

## **Section 2.2 Secured Obligations**

The security interest, assignment, mortgage, charge, hypothecation and pledge granted by this Agreement (collectively, the “**Security Interest**”) secures the payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by the Obligor to the Secured Lenders in any currency, under the Note (collectively, the “**Secured Obligations**”).

## **Section 2.3 Attachment**

The Obligor acknowledges that (a) value has been given, (b) it has rights in the Collateral or the power to transfer rights in the Collateral to the Secured Creditor (other than after-acquired Collateral), (c) it

has not agreed to postpone the time of attachment of the Security Interest, and (d) it has received a copy of this Agreement.

#### **Section 2.4      Scope of Security Interest**

- (1) To the extent that an assignment of amounts payable and other proceeds arising under or in connection with, or the grant of a security interest in any agreement, licence, permit or quota of the Obligor would result in the termination of such agreement, licence, permit or quota (each, a **"Restricted Asset"**), the Security Interest with respect to each Restricted Asset will constitute a trust created in favour of the Secured Creditor pursuant to which the Obligor holds as trustee all proceeds arising under or in connection with the Restricted Asset in trust for the Secured Creditor on the following basis:
  - (a) until the Security Interest is enforceable and subject to the Note, the Obligor is entitled to receive all such proceeds; and
  - (b) whenever the Security Interest is enforceable, (i) all rights of the Obligor to receive such proceeds cease and all such proceeds will be immediately paid over to the Secured Creditor and (ii) the Obligor will take all actions requested by the Secured Creditor to collect and enforce payment and other rights arising under the Restricted Asset.
- (2) The Security Interest with respect to trade-marks constitutes a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Secured Creditor, but does not constitute an assignment or mortgage of such Collateral to the Secured Creditor.
- (3) Until the Security Interest is enforceable, the grant of the Security Interest in the Intellectual Property does not affect in any way the Obligor's rights to commercially exploit the Intellectual Property, defend it, enforce the Obligor's rights in it or with respect to it against third parties in any court or claim and be entitled to receive any damages with respect to any infringement of it.
- (4) The Security Interest does not extend to consumer goods.
- (5) The Security Interest does not extend or apply to the last day of the term of any lease or sublease of real property or any agreement for a lease or sublease of real property, now held or hereafter acquired by the Obligor, but the Obligor will stand possessed of any such last day upon trust to assign and dispose of it as the Secured Creditor may reasonably direct.
- (6) The Security Interest does not extend to, and the Collateral shall not include, any Excluded Collateral.

#### **Section 2.5      Rights of the Obligor**

Until the occurrence of an Event of Default which is continuing, the Obligor is entitled to vote the Securities and other financial assets that are part of the Collateral and to receive all dividends and distributions on such Securities and financial assets. Upon the occurrence and during the continuance of an Event of Default, all rights of the Obligor to vote (under any proxy given by the Secured Creditor (or its nominee) or otherwise) or to receive distributions or dividends cease and all such rights become vested solely and absolutely in the Secured Creditor.

## **ARTICLE 3 ENFORCEMENT**

### **Section 3.1      Enforcement**

The Security Interest becomes and is enforceable against the Obligor upon the occurrence and during the continuance of an Event of Default.

### **Section 3.2      Remedies**

Whenever the Security Interest is enforceable, the Secured Creditor may realize upon the Collateral and enforce the rights of the Secured Creditor by:

- (a) entry onto any premises where Collateral consisting of tangible personal property may be located;
- (b) entry into possession of the Collateral by any method permitted by law;
- (c) sale, grant of options to purchase, or lease of all or any part of the Collateral;
- (d) holding, storing and keeping idle or operating all or any part of the Collateral;
- (e) exercising and enforcing all rights and remedies of a holder of the Collateral as if the Secured Creditor were the absolute owner thereof (including, if necessary, causing the Collateral to be registered in the name of the Secured Creditor or its nominee if not already done);
- (f) collection of any proceeds arising in respect of the Collateral;
- (g) collection, realization or sale of, or other dealing with, accounts;
- (h) license or sublicense, whether on an exclusive or nonexclusive basis, of any Intellectual Property for such term and on such conditions and in such manner as the Secured Creditor in its sole judgment determines (taking into account such provisions as may be necessary to protect and preserve such Intellectual Property);
- (i) instruction or order to any issuer, securities intermediary or custodian pursuant to any control the Secured Creditor has over the Collateral;
- (j) instruction to any bank to transfer all moneys constituting Collateral held by such bank to an account maintained with or by the Secured Creditor;
- (k) application of any moneys constituting Collateral or proceeds thereof in accordance with Section 5.11;
- (l) appointment by instrument in writing of a receiver (which term as used in this Agreement includes a receiver and manager) or agent of all or any part of the Collateral and removal or replacement from time to time of any receiver or agent;
- (m) institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral;



- (n) institution of proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Collateral;
- (o) filing of proofs of claim and other documents to establish claims to the Collateral in any proceeding relating to the Obligor; and
- (p) any other remedy or proceeding authorized or permitted under the PPSA or otherwise by law or equity.

### **Section 3.3 Exercise of Remedies**

The remedies under Section 3.2 may be exercised from time to time separately or in combination and are in addition to, and not in substitution for, any other rights of the Secured Creditor however arising or created. The Secured Creditor is not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to the rights of the Secured Creditor in respect of the Secured Obligations including the right to claim for any deficiency.

### **Section 3.4 Receiver's Powers**

- (1) Any receiver appointed by the Secured Creditor is vested with the rights and remedies which could have been exercised by the Secured Creditor in respect of the Obligor or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments. The identity of the receiver, its replacement and its remuneration are within the sole and unfettered discretion of the Secured Creditor.
- (2) Any receiver appointed by the Secured Creditor will act as agent for the Secured Creditor for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below), as agent for the Obligor. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Obligor or as agent for the Secured Creditor as the Secured Creditor may determine in its discretion. The Obligor agrees to ratify and confirm all actions of the receiver acting as agent for the Obligor, and to release and indemnify the receiver in respect of all such actions.
- (3) The Secured Creditor, in appointing or refraining from appointing any receiver, does not incur liability to the receiver, the Obligor or otherwise and is not responsible for any misconduct or negligence of such receiver.

### **Section 3.5 Appointment of Attorney**

The Obligor hereby irrevocably constitutes and appoints the Secured Creditor (and any officer of the Secured Creditor) the true and lawful attorney of the Obligor. As the attorney of the Obligor, the Secured Creditor has the power to exercise for and in the name of the Obligor with full power of substitution, upon the occurrence and during the continuance of an Event of Default, any of the Obligor's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement, delivery and transfer of the Collateral to the Secured Creditor, its nominees or transferees, and the Secured Creditor and its nominees or transferees are hereby empowered to exercise all rights and powers and to perform all acts of ownership with respect to the Collateral to the same extent as the Obligor might do. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Obligor. This power of attorney extends to and is binding upon the Obligor's successors and permitted assigns.

### **Section 3.6 Dealing with the Collateral**

- (1) The Secured Creditor is not obliged to exhaust its recourse against the Obligor or any other Person or against any other security it may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Secured Creditor may consider desirable.
- (2) The Secured Creditor may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Obligor and with other Persons, sureties or securities as it may see fit without prejudice to the Secured Obligations, the liability of the Obligor or the rights of the Secured Creditor in respect of the Collateral.
- (3) Except as otherwise provided by law or this Agreement, the Secured Creditor is not (a) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral, (b) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of any Persons in respect of the Collateral, (c) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal with the Collateral, or (d) bound to protect the Collateral from depreciating in value or becoming worthless.

### **Section 3.7 Direction**

The parties acknowledge that the Obligor is only obliged to take direction from the Secured Creditor and not the Lenders.

## **ARTICLE 4 REPRESENTATIONS, WARRANTIES AND COVENANTS**

### **Section 4.1 Representations and Warranties**

The Obligor represents and warrants, acknowledging and confirming that the Secured Creditor is relying on such representations and warranties that:

- (a) **Incorporation and Qualification.** The Obligor is a corporation incorporated and existing under the laws of the jurisdiction of its incorporation.
- (b) **Corporate Power.** The Obligor has the corporate power to own, lease and operate its properties and assets and carry on its business.
- (c) **Corporate Authorization.** The execution and delivery of and performance by the Obligor of this Agreement and the consummation of the transactions contemplated by it have been duly authorized by all necessary corporate action on the part of the Obligor.
- (d) **Continuous Perfection.** Schedule 5.1(d) sets out the Obligor's (i) place of business or, if more than one, chief executive office, (ii) jurisdiction of organization and (iii) locations of Collateral and places of business.

### **Section 4.2 Affirmative Covenants**

The Obligor covenants and agrees, acknowledging and confirming that the Secured Creditor is relying on such covenants and agreement, that:

- (a) **Corporate Existence.** The Obligor will preserve and maintain its corporate existence and all its rights, licences, powers, privileges, franchises and goodwill.
- (b) **Maintenance of Properties.** The Obligor will make repairs, renewals, replacements, additions and improvements to the Collateral so that the business may be properly and advantageously conducted at all times in accordance with prudent business management practice.

#### **Section 4.3 Negative Covenants**

So long as any amount owing under the Note remains unpaid:

- (a) **Continuous Perfection.** The Obligor will not change the location of its place of business, chief executive office or jurisdiction of organization as set forth in Schedule 5.1 (d) without providing at least 30 days prior written notice to the Secured Creditor. The Obligor will not remove the Collateral from the locations listed in Schedule 5.1(d) without providing at least 30 days prior written notice to the Secured Creditor, provided that Collateral may be moved to another location as long as such other location is in a jurisdiction in which the Secured Creditor has a valid and perfected first ranking security interest in the Collateral. The Obligor will not change its name in any manner without providing at least 30 days prior written notice to the Secured Creditor.
- (b) **Encumbrances.** The Obligor will not create or suffer to exist any Liens on the Collateral, except for Permitted Liens.
- (c) **Arrangements re: Receivables Purchase Agreement.** The Obligor will not increase the aggregate principal amount of the debt secured by the Lien in favour of Stoke Canada Finance Corp. or its affiliates under the Receivables Purchase Agreement above \$500,000 without the prior written consent of the Secured Creditor.
- (d) **Arrangements with ATB Financial.** The Obligor will not increase the aggregate principal amount of the debt secured by the Lien in favour of ATB Financial referenced in paragraph (k)(i) of the definition of Permitted Liens above \$50,000.

### **ARTICLE 5 GENERAL**

#### **Section 5.1 Notices**

Any notices, directions or other communications provided for in this Agreement must be in writing and given in accordance with the Purchase Agreement.

#### **Section 5.2 Discharge**

The Security Interest will be discharged upon, but only upon, full and indefeasible payment and performance of the Secured Obligations. Upon discharge of the Security Interest and at the request and expense of the Obligor, the Secured Creditor will execute and deliver to the Obligor such releases, discharges, financing statements and other documents or instruments as the Obligor may reasonably require and the Secured Creditor will redeliver to the Obligor, or as the Obligor may otherwise direct the Secured Creditor, any Collateral in its possession.

### **Section 5.3 No Merger**

This Agreement does not operate by way of merger of any of the Secured Obligations and no judgment recovered by the Secured Creditor will operate by way of merger of, or in any way affect, the Security Interest, which is in addition to, and not in substitution for, any other security now or hereafter held by the Secured Creditor in respect of the Secured Obligations.

### **Section 5.4 Further Assurances**

The Obligor will do all acts and things and execute and deliver, or cause to be executed and delivered, all agreements, documents and instruments that the Secured Creditor may require and take all further steps relating to the Collateral or any other property or assets of the Obligor that the Secured Creditor may require for (a) protecting the Collateral, (b) perfecting, preserving and protecting the Security Interest, and (c) exercising all powers, authorities and discretions conferred upon the Secured Creditor. After the Security Interest becomes enforceable, the Obligor will do all acts and things and execute and deliver all documents and instruments that the Secured Creditor may require for facilitating the sale or other disposition of the Collateral in connection with its realization.

### **Section 5.5 Supplemental Security**

This Agreement is in addition to, without prejudice to and supplemental to all other security now held or which may hereafter be held by the Secured Creditor.

### **Section 5.6 Successors and Assigns**

This Agreement is binding on the Obligor and its successors and assigns, and enures to the benefit of the Secured Creditor and its successors and assigns. This Agreement may not be assigned by the Secured Creditor or the Secured Lenders without the prior written consent of the Obligor. This Agreement may not be assigned by the Obligor without the prior written consent of the Secured Creditor.

### **Section 5.7 Amalgamation**

The Obligor acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties that the Security Interest (a) subject to Section 2.4, extends to: (i) all of the property and undertaking that any of the amalgamating corporations then owns, (ii) all of the property and undertaking that the amalgamated corporation thereafter acquires, (iii) all of the property and undertaking in which any of the amalgamating corporations then has any interest and (iv) all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest; and (b) secures the payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by each of the amalgamating corporations and the amalgamated corporation to the Secured Creditor in any currency, under, in connection with or pursuant to the Note and whether incurred alone or jointly with another or others and whether as principal, guarantor or surety and whether incurred prior to, at the time of or subsequent to the amalgamation. The Security Interest attaches to the additional collateral at the time of amalgamation and to any collateral thereafter owned or acquired by the amalgamated corporation when such collateral becomes owned or is acquired. Upon any such amalgamation, the defined term "**Obligor**" means, collectively, each of the amalgamating corporations and the amalgamated corporation, the defined term "**Collateral**" means all of the property and undertaking and interests described in (a) above, and the defined term "**Secured Obligations**" means all of the obligations described in (b) above. Notwithstanding the foregoing, the "**Collateral**" shall not include any Excluded Collateral.

#### **Section 5.8 Severability**

If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

#### **Section 5.9 Amendment**

This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by the Secured Creditor and the Obligor.

#### **Section 5.10 Waivers, etc**

A failure or delay on the part of the Secured Creditor in exercising a right under this Agreement does not operate as a waiver of, or impair, any right of the Secured Creditor however arising. A single or partial exercise of a right on the part of the Secured Creditor does not preclude any other or further exercise of that right or the exercise of any other right by the Secured Creditor.

#### **Section 5.11 Application of Proceeds of Security**

All monies collected by the Secured Creditor upon the enforcement of its rights and remedies under this Agreement and the Liens created by them including any sale or other disposition of the Collateral, together with all other monies received by the Secured Creditor under this Agreement, will be applied to the Secured Obligations, and any surplus remaining will be distributed as required by the PPSA or other applicable law. To the extent the Purchase Agreement requires proceeds of collateral under the Purchase Agreement to be applied in accordance with the provisions of this Agreement, the Secured Creditor shall apply such proceeds in accordance with this Section.

#### **Section 5.12 Governing Law**

This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

***[The remainder of this page is intentionally blank.]***

IN WITNESS WHEREOF the Obligor has executed this Agreement.

**SIMPLY SOLVENTLESS CONCENTRATES  
LTD., as Obligor**

By: \_\_\_\_\_  
Authorized Signing Officer

**Secured Creditor:**

---

Witness

---

Clayton Bordeniuk

**SCHEDULE 5.1(d)**  
**LOCATIONS OF COLLATERAL**

Chief Executive Office:

Alberta

Jurisdiction of Organization:

Alberta

Locations of Collateral and Places of Business:

Province of Alberta



## **SCHEDULE C**

### **Form of Promissory Note**

*Please see attached.*

## **PROMISSORY NOTE**

Date: \_\_\_\_\_, 2024

**FOR VALUE RECEIVED** the undersigned unconditionally promises to pay to or to the order of Altek Acquisition Partnership, Clayton Bordeniuk, Tairance Rutter, James Clarke and Thomas Facciolo (collectively, the “**Lenders**”), the principal amount of C\$7,000,000 (the “**Principal Amount**”) without interest, as the same may be amended from time to time (this “**Promissory Note**”).

1. Capitalized terms not otherwise defined herein shall have the meaning attributed to such terms in the Share Purchase Agreement dated on September 25, 2024 among ANC Inc., the undersigned and the Lenders (the “**SPA**”).
2. The following payments are due in respect of the Principal Amount, and are to be paid by the undersigned to Gowling WLG (Canada) LLP, in trust for the Lenders, on the date listed below (and in the event that such date is not a banking day in the city of Calgary, then the next banking day that follows), allocated in accordance with Exhibit A of this Promissory Note:
  - a. on November 15, 2024, C\$1,750,000;
  - b. on December 20, 2024, C\$1,250,000; and
  - c. on May 31, 2025, C\$4,000,000.
3. The payments made pursuant to Section 2 shall be made in cash by wire transfer of immediately available funds to Gowling WLG (Canada) LLP, in trust for the Lenders, with the Principal Amount to be allocated and remitted to each Lender in such amounts as are set out in Exhibit A to this Promissory Note.
4. The Principal Amount will not bear interest.
5. Notwithstanding any other provision of this Promissory Note, the undersigned is authorized, in accordance with and in the manner contemplated by Sections 2.03(6)(d) and 8.01(2) of the SPA, to set-off and apply any sums of money or indebtedness that the Lenders, or any of them, at any time owe to the undersigned under the SPA against the amounts owing by the undersigned under this Promissory Note. The rights under this paragraph are in addition to any other rights and remedies (including other rights of set-off) that the undersigned may have under the SPA.
6. As collateral security for the payment and performance of this Promissory Note, the undersigned has executed and delivered a general security agreement dated as of the date hereof to and in favour of the Lenders (as amended, restated, supplemented or otherwise modified from time to time, the “**Security Agreement**”).
7. The Principal Amount outstanding under this Promissory Note may be prepaid in whole or in part at any time and from time to time without notice or bonus.
8. Subject to any prepayment of any amounts owing hereunder, the Seller Representative may, at its option, provide the undersigned with written notice that the

entire outstanding Principal Amount is immediately due and payable upon the occurrence and continuance of any of the following events (each an “**Event of Default**”):

- a. if an amount payable hereunder remains unpaid for a period of 30 days after the date such unpaid amount was originally due;
- b. if proceedings are commenced for the dissolution, liquidation or winding-up of the undersigned, or for the suspension of the operations of the undersigned;
- c. if the undersigned becomes insolvent within the meaning of the *Bankruptcy and Insolvency Act* (Canada), makes any general assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the *Bankruptcy and Insolvency Act* (Canada) or any comparable law, is adjudged bankrupt, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or other person with similar powers, of itself or of all or any material portion of its property or assets, or files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization, corporate or other similar law affecting creditors’ rights or consents to, or acquiesces in, the filing of such a petition;
- d. if a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or any other person with similar powers shall be appointed of the undersigned or of all or any material portion of its property or assets, a judgment or an order is made by a tribunal of competent jurisdiction restraining its ability to deal with all or any material portion of its property and assets or a judgment or order is made by a tribunal of competent jurisdiction approving any reorganization, arrangement, composition or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors’ rights and such appointment, judgment or order is not vacated, stayed, set aside or diligently contested by the undersigned in good faith in proceedings before a court of competent jurisdiction within 90 days of the date thereof;
- e. if the undersigned ceases to carry on its business or sells or otherwise disposes of all of or substantially all of the assets of its business;
- f. any representation or warranty of the undersigned in Section 5.1 of the Security Agreement is found to be false or incorrect in any material respect; and, to the extent the circumstances resulting in such breach of representation or warranty are capable of being cured, such representation or warranty continues to be incorrect for a period of 30 days after notice thereof is given to the undersigned by the Seller Representative; or
- g. if the undersigned is in breach of, its covenants and obligations under Section 5.2 or Section 5.3 of the Security Agreement and, in the case of any such covenant which is capable of being cured, such breach continues for a period

of 30 days after notice thereof is given to the undersigned by the Seller Representative.

9. The undersigned waives demand, presentment for payment, notice of non-payment, notice of dishonour, notice of acceleration, and notice of protest of this Promissory Note. The undersigned also waives the benefit of any days of grace, the benefits of division and discussion.
10. This Promissory Note is given by the undersigned under the terms and conditions of the SPA and is not, and is not intended to be, a negotiable instrument.
11. Any costs or expenses or fees (including legal fees and disbursements) incurred by the Lenders in enforcing repayment of this Promissory Note shall be for the account of the Lenders.
12. This Promissory Note shall enure to the benefit of the Lenders and their respective successors and permitted assigns and be binding on the undersigned and its administrators, legal representatives, successors and permitted assigns.
13. This Promissory Note may not be assigned by the Lenders or the undersigned without the prior written consent of the other party, not to be unreasonably withheld, conditioned or delayed.
14. This Promissory Note shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the laws of Canada applicable in that Province.
15. No waiver of any obligation of the undersigned under this Note shall be effective unless it is in writing and signed by the Lenders. No failure or delay by the Lenders in exercising any right under this Promissory Note shall operate as a waiver thereof nor shall any single or partial exercise of any right exclude further exercise thereof or the exercise of any other right.
16. This Promissory Note may only be amended by written instrument duly signed by the undersigned and the Lenders.
17. This Promissory Note shall become effective when it has been executed and delivered.
18. Time shall be of the essence of this Promissory Note in all respects.
19. This Promissory Note, the SPA and the Security Agreement constitute the entire agreement of the parties pertaining to the indebtedness evidenced by this Promissory Note and supersede all prior agreements, understandings, negotiations and discussions with respect to such indebtedness, whether oral or written.

***[Remainder of page intentionally left blank.]***

**DATED** as of the date first written above.

**SIMPLY SOLVENTLESS CONCENTRATES  
LTD.**

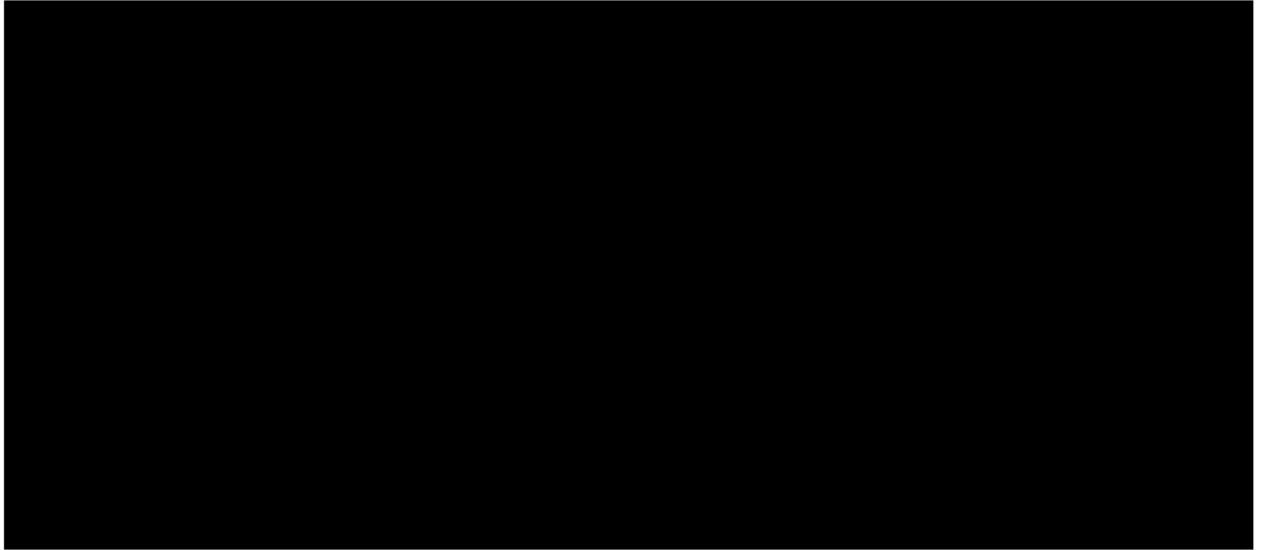
By: \_\_\_\_\_

Name:

Title:

## Exhibit A

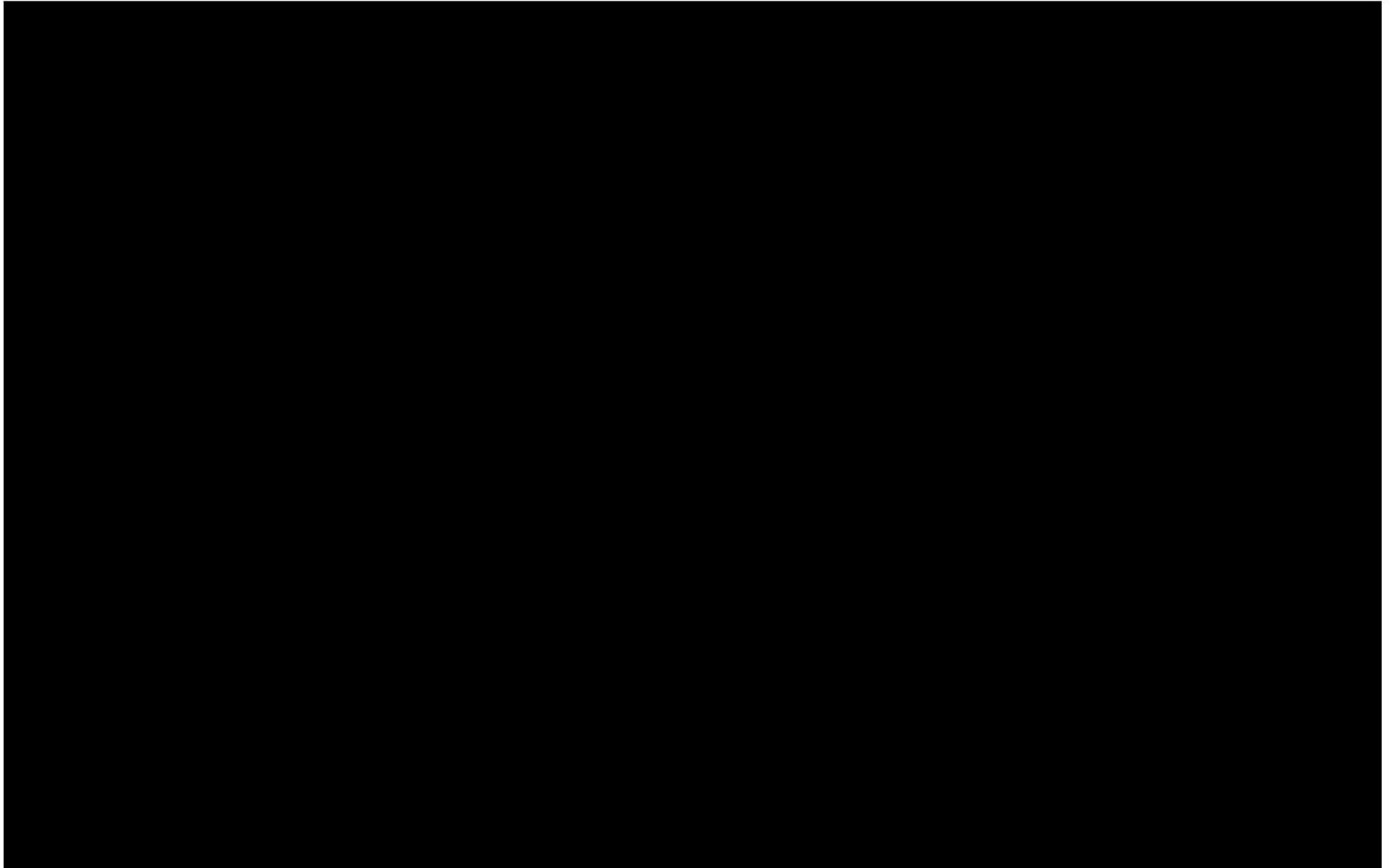
### Allocation of Principal Amount Payment



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information*

## SCHEDULE D

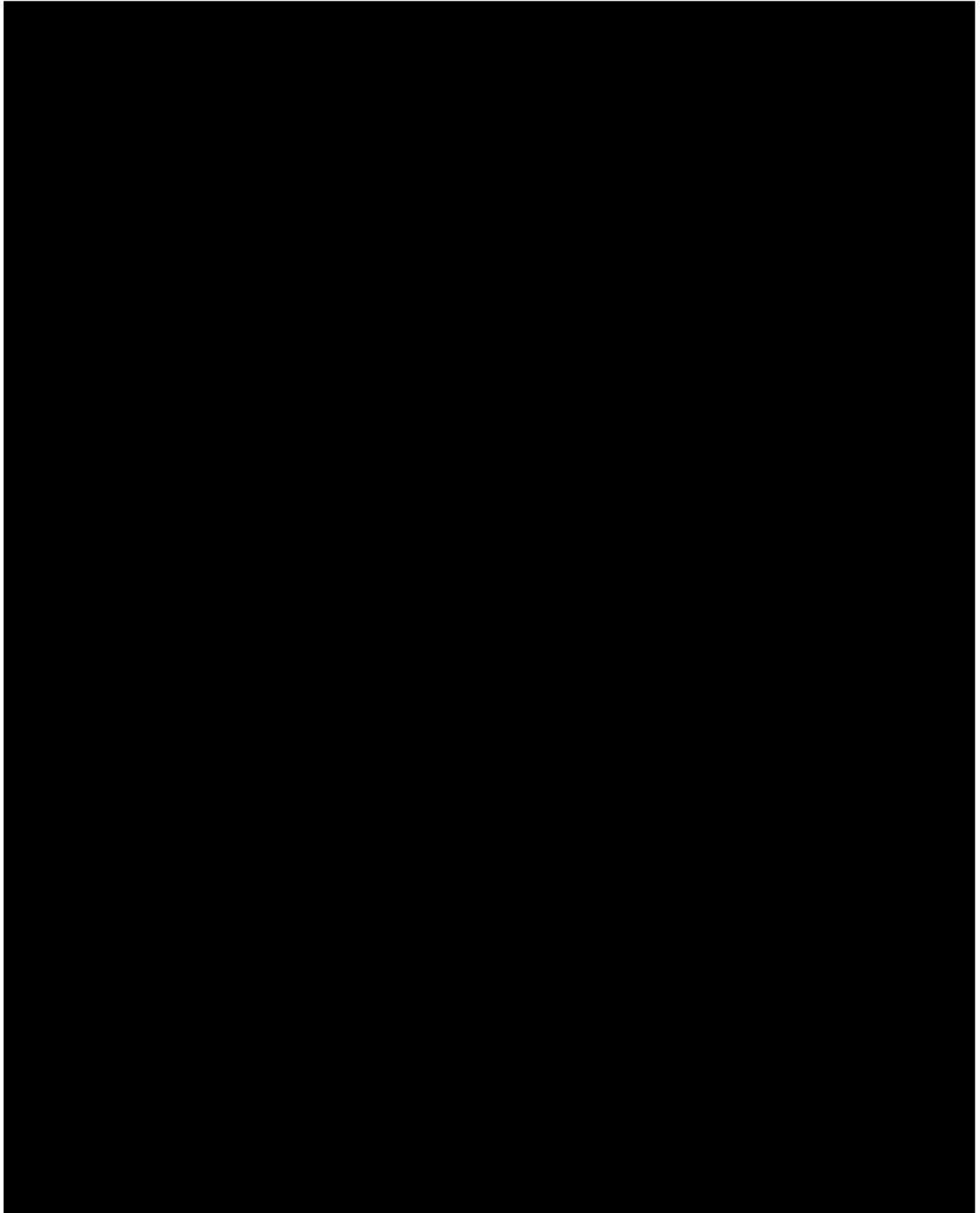
### Allocation of Purchase Price



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## SCHEDULE E

### Illustrative Adjustment Calculation



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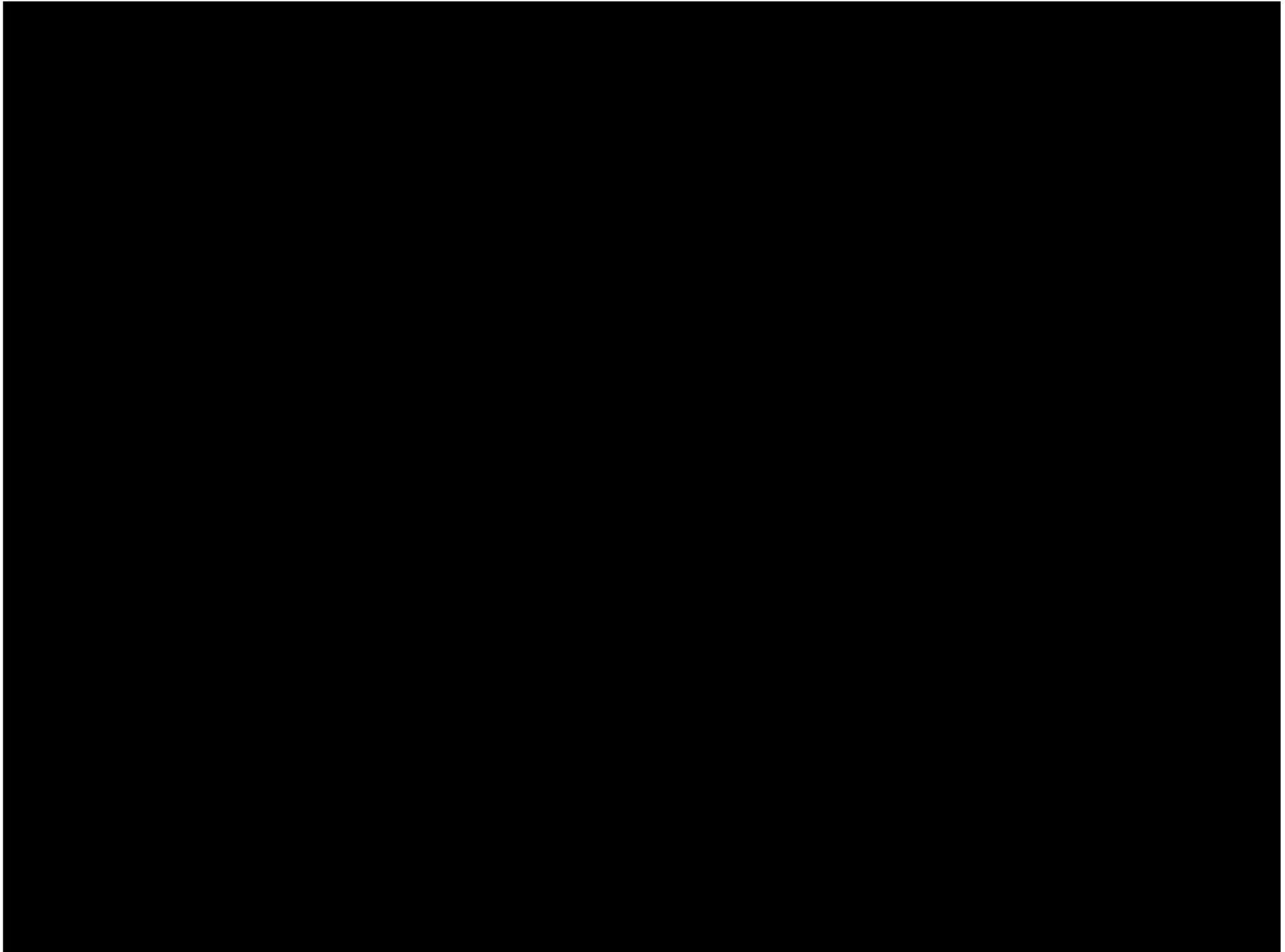
## SCHEDULE F

### Patent Reverse Earnout Statement

It is the intent of the illustrative schedule below to capture revenue and expenses directly associated with the Specified Patents of the Company on a stand-alone basis ("Patent Fiscal Statement"), and to illustrate the calculation of EBITDA directly attributable to the Specified Patents which will not include any amounts that are included in EBITDA of the Company relating to contract manufacturing, seed production and sales, or production and sale of cannabis products.

Any amounts identified in the Patent Fiscal Statement and included in the calculation of EBITDA directly attributable to the Specified Patents shall be removed from the EBITDA calculation for purposes of the Reverse Earnout Statement, as normalizations to EBITDA.

The Specified Patents Calculation is also shown which is 25% of the EBITDA attributable to the Specified Patents.



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## **SCHEDULE G**

### **Reverse Earnout Note**

(See Attached)

## REVERSE EARNOUT PROMISSORY NOTE

Date: \_\_\_\_\_, 2024

**FOR VALUE RECEIVED** the undersigned unconditionally promises to pay to or to the order of Altek Acquisition Partnership, Clayton Bordeniuk, Tairance Rutter, James Clarke and Thomas Facciolo (collectively, the “**Lenders**”), the principal amount of C\$3,500,000 (the “**Principal Amount**”) without interest, subject to adjustments as specified in Section 2.05(1)(c) of the SPA (as defined below) (this “**Reverse Earnout Promissory Note**”).

1. Capitalized terms not otherwise defined herein shall have the meaning attributed to such terms in the Share Purchase Agreement dated on September 25, 2024 among ANC Inc., the undersigned and the Lenders (the “**SPA**”). This Reverse Earnout Promissory Note shall be governed by the terms of the SPA.
2. The Principal Amount shall become due and payable in the manner, and on such dates, as are set forth in Section 2.05(3) of the SPA.
3. Payment of amounts required to be paid in cash pursuant to Section 2 of this Reverse Earnout Promissory Note shall be made in cash by wire transfer of immediately available funds to Gowling WLG (Canada) LLP, in trust for the Lenders, with the Principal Amount to be allocated and remitted to each Lender in such proportions as are set out in Exhibit A to this Reverse Earnout Promissory Note.
4. The Principal Amount will not bear interest.
5. Notwithstanding any other provision of this Reverse Earnout Promissory Note, the undersigned is authorized, in accordance with and in the manner contemplated by Sections 2.03(6)(d) and 8.01(2) of the SPA, to set-off and apply any sums of money or indebtedness that the Lenders, or any of them, at any time owe to the undersigned under the SPA against the amounts owing by the undersigned under this Reverse Earnout Promissory Note. The rights under this paragraph are in addition to any other rights and remedies (including other rights of set-off) that the undersigned may have under the SPA.
6. The Principal Amount outstanding under this Reverse Earnout Promissory Note may be prepaid in whole or in part at any time and from time to time without notice or bonus.
7. Subject to any prepayment of any amounts owing hereunder, the Seller Representative may, at its option, provide the undersigned with written notice that the entire outstanding Principal Amount is immediately due and payable upon the occurrence and continuance of any of the following events (each an “**Event of Default**”):
  - a. if an amount payable hereunder remains unpaid for a period of 30 days after the date such unpaid amount was originally due;
  - b. if proceedings are commenced for the dissolution, liquidation or winding-up of the undersigned, or for the suspension of the operations of the undersigned;

- c. if the undersigned becomes insolvent within the meaning of the *Bankruptcy and Insolvency Act* (Canada), makes any general assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the *Bankruptcy and Insolvency Act* (Canada) or any comparable law, is adjudged bankrupt, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or other person with similar powers, of itself or of all or any material portion of its property or assets, or files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization, corporate or other similar law affecting creditors' rights or consents to, or acquiesces in, the filing of such a petition;
  - d. if a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or any other person with similar powers shall be appointed of the undersigned or of all or any material portion of its property or assets, a judgment or an order is made by a tribunal of competent jurisdiction restraining its ability to deal with all or any material portion of its property and assets or a judgment or order is made by a tribunal of competent jurisdiction approving any reorganization, arrangement, composition or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors' rights and such appointment, judgment or order is not vacated, stayed, set aside or diligently contested by the undersigned in good faith in proceedings before a court of competent jurisdiction within 90 days of the date thereof; or
  - e. if the undersigned ceases to carry on its business or sells or otherwise disposes of all of or substantially all of the assets of its business.
- 8. The undersigned waives demand, presentment for payment, notice of non-payment, notice of dishonour, notice of acceleration, and notice of protest of this Reverse Earnout Promissory Note. The undersigned also waives the benefit of any days of grace, the benefits of division and discussion.
  - 9. This Reverse Earnout Promissory Note is given by the undersigned under the terms and conditions of the SPA and is not, and is not intended to be, a negotiable instrument.
  - 10. Any costs or expenses or fees (including legal fees and disbursements) incurred by the Lenders in enforcing repayment of this Reverse Earnout Promissory Note shall be for the account of the Lenders.
  - 11. This Reverse Earnout Promissory Note shall enure to the benefit of the Lenders and their respective successors and permitted assigns and be binding on the undersigned and its administrators, legal representatives, successors and permitted assigns.
  - 12. This Reverse Earnout Promissory Note may not be assigned by the Lenders or the undersigned without the prior written consent of the other party, not to be unreasonably withheld, conditioned or delayed.

13. This Reverse Earnout Promissory Note shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the laws of Canada applicable in that Province.
14. No waiver of any obligation of the undersigned under this Note shall be effective unless it is in writing and signed by the Lenders. No failure or delay by the Lenders in exercising any right under this Reverse Earnout Promissory Note shall operate as a waiver thereof nor shall any single or partial exercise of any right exclude further exercise thereof or the exercise of any other right.
15. This Reverse Earnout Promissory Note may only be amended by written instrument duly signed by the undersigned and the Lenders.
16. This Reverse Earnout Promissory Note shall become effective when it has been executed and delivered.
17. Time shall be of the essence of this Reverse Earnout Promissory Note in all respects.
18. This Reverse Earnout Promissory Note and the SPA constitute the entire agreement of the parties pertaining to the indebtedness evidenced by this Reverse Earnout Promissory Note and supersede all prior agreements, understandings, negotiations and discussions with respect to such indebtedness, whether oral or written.

***[Remainder of page intentionally left blank.]***

**DATED** as of the date first written above.

**SIMPLY SOLVENTLESS CONCENTRATES  
LTD.**

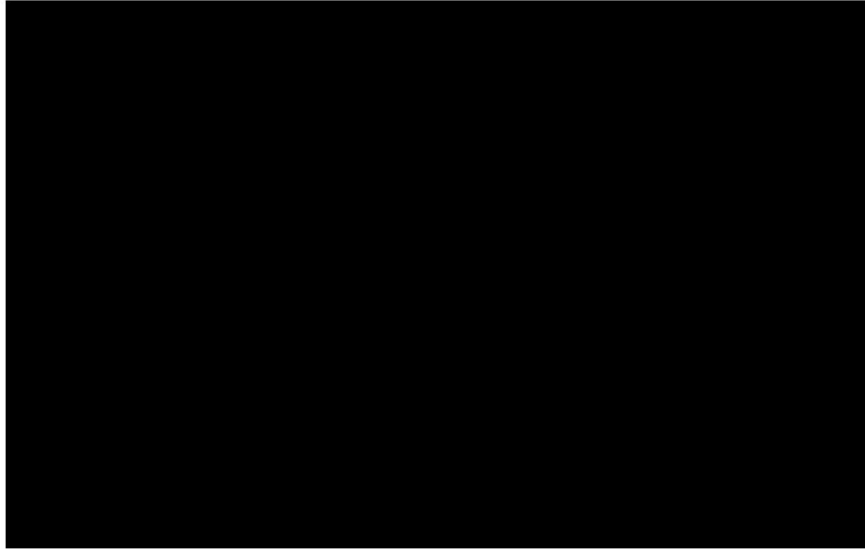
By: \_\_\_\_\_

Name:

Title:

## Exhibit A

### Allocation of Principal Amount Payment



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## **SCHEDULE H**

### **Patent Reverse Earnout Note**

(See Attached)



## **PATENT REVERSE EARNOUT PROMISSORY NOTE**

Date: \_\_\_\_\_, 2024

**FOR VALUE RECEIVED** the undersigned unconditionally promises to pay to or to the order of Altek Acquisition Partnership, Clayton Bordeniuk, Tairance Rutter, James Clarke and Thomas Facciolo (collectively, the “**Lenders**”), the principal amount of C\$3,000,000 (the “**Principal Amount**”) without interest, subject to adjustments as specified in Section 2.06(1)(c) of the SPA (as defined below) (this “**Patent Reverse Earnout Promissory Note**”).

1. Capitalized terms not otherwise defined herein shall have the meaning attributed to such terms in the Share Purchase Agreement dated on September 25, 2024 among ANC Inc., the undersigned and the Lenders (the “**SPA**”). This Patent Reverse Earnout Promissory Note shall be governed by the terms of the SPA.
2. The Principal Amount shall become due and payable in the manner, and on such dates, as are set forth in Section 2.06(1)(c) of the SPA.
3. Payment of amounts pursuant to Section 2 of this Patent Reverse Earnout Promissory Note shall be made in cash by wire transfer of immediately available funds to Gowling WLG (Canada) LLP, in trust for the Lenders, with the Principal Amount to be allocated and remitted to each Lender in such proportions as are set out in Exhibit A to this Patent Reverse Earnout Promissory Note.
4. The Principal Amount will not bear interest.
5. Notwithstanding any other provision of this Patent Reverse Earnout Promissory Note, the undersigned is authorized, in accordance with and in the manner contemplated by Sections 2.03(6)(d) and 8.01(2) of the SPA, to set-off and apply any sums of money or indebtedness that the Lenders, or any of them, at any time owe to the undersigned under the SPA against the amounts owing by the undersigned under this Patent Reverse Earnout Promissory Note. The rights under this paragraph are in addition to any other rights and remedies (including other rights of set-off) that the undersigned may have under the SPA.
6. The Principal Amount outstanding under this Patent Reverse Earnout Promissory Note may be prepaid in whole or in part at any time and from time to time without notice or bonus.
7. Subject to any prepayment of any amounts owing hereunder, the Seller Representative may, at its option, provide the undersigned with written notice that the entire outstanding Principal Amount is immediately due and payable upon the occurrence and continuance of any of the following events (each an “**Event of Default**”):
  - a. if an amount payable hereunder remains unpaid for a period of 30 days after the date such unpaid amount was originally due;
  - b. if proceedings are commenced for the dissolution, liquidation or winding-up of the undersigned, or for the suspension of the operations of the undersigned;

- c. if the undersigned becomes insolvent within the meaning of the *Bankruptcy and Insolvency Act* (Canada), makes any general assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the *Bankruptcy and Insolvency Act* (Canada) or any comparable law, is adjudged bankrupt, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or other person with similar powers, of itself or of all or any material portion of its property or assets, or files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization, corporate or other similar law affecting creditors' rights or consents to, or acquiesces in, the filing of such a petition;
  - d. if a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or any other person with similar powers shall be appointed of the undersigned or of all or any material portion of its property or assets, a judgment or an order is made by a tribunal of competent jurisdiction restraining its ability to deal with all or any material portion of its property and assets or a judgment or order is made by a tribunal of competent jurisdiction approving any reorganization, arrangement, composition or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors' rights and such appointment, judgment or order is not vacated, stayed, set aside or diligently contested by the undersigned in good faith in proceedings before a court of competent jurisdiction within 90 days of the date thereof; or
  - e. if the undersigned ceases to carry on its business or sells or otherwise disposes of all of or substantially all of the assets of its business.
- 8. The undersigned waives demand, presentment for payment, notice of non-payment, notice of dishonour, notice of acceleration, and notice of protest of this Patent Reverse Earnout Promissory Note. The undersigned also waives the benefit of any days of grace, the benefits of division and discussion.
  - 9. This Patent Reverse Earnout Promissory Note is given by the undersigned under the terms and conditions of the SPA and is not, and is not intended to be, a negotiable instrument.
  - 10. Any costs or expenses or fees (including legal fees and disbursements) incurred by the Lenders in enforcing repayment of this Patent Reverse Earnout Promissory Note shall be for the account of the Lenders.
  - 11. This Patent Reverse Earnout Promissory Note shall enure to the benefit of the Lenders and their respective successors and permitted assigns and be binding on the undersigned and its administrators, legal representatives, successors and permitted assigns.
  - 12. This Patent Reverse Earnout Promissory Note may not be assigned by the Lenders or the undersigned without the prior written consent of the other party, not to be unreasonably withheld, conditioned or delayed.

13. This Patent Reverse Earnout Promissory Note shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the laws of Canada applicable in that Province.
14. No waiver of any obligation of the undersigned under this Note shall be effective unless it is in writing and signed by the Lenders. No failure or delay by the Lenders in exercising any right under this Patent Reverse Earnout Promissory Note shall operate as a waiver thereof nor shall any single or partial exercise of any right exclude further exercise thereof or the exercise of any other right.
15. This Patent Reverse Earnout Promissory Note may only be amended by written instrument duly signed by the undersigned and the Lenders.
16. This Patent Reverse Earnout Promissory Note shall become effective when it has been executed and delivered.
17. Time shall be of the essence of this Patent Reverse Earnout Promissory Note in all respects.
18. This Patent Reverse Earnout Promissory Note and the SPA constitute the entire agreement of the parties pertaining to the indebtedness evidenced by this Patent Reverse Earnout Promissory Note and supersede all prior agreements, understandings, negotiations and discussions with respect to such indebtedness, whether oral or written.

***[Remainder of page intentionally left blank.]***

**DATED** as of the date first written above.

**SIMPLY SOLVENTLESS CONCENTRATES  
LTD.**

By: \_\_\_\_\_

Name:

Title:

## Exhibit A

### Allocation of Principal Amount Payment



*commercially  
sensitive  
information*