

ZERO CANDIDA LTD.

and

1319743 B.C. LTD.

BUSINESS COMBINATION AGREEMENT

March 1, 2024

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BUSINESS COMBINATION AGREEMENT

THIS AGREEMENT is made as of March 1, 2024

BETWEEN:

ZERO CANDIDA LTD.,

a company incorporated under the laws of the State of Israel, privately held limited liability company number 516520657

("ZC")

-and-

1319743 B.C. LTD.,

a corporation incorporated under the laws of the Province of British Columbia

("131")

WHEREAS 131 is a reporting issuer in the Provinces of British Columbia and Alberta;

AND WHEREAS ZC and 131 intend to enter into this business combination agreement on the date hereof (the "**Business Combination Agreement**") to combine the business and assets of ZC with those of 131 and upon completion of such business combination, 131 will become the Resulting Issuer (as defined below) with the name "Zero Candida Ltd." or such other similar name as may be accepted by the relevant regulatory authorities;

AND WHEREAS the Parties agreed to carry out the proposed business combination by way of a triangular Merger (as defined below) between 131, Subco and ZC pursuant to the applicable laws of the State of Israel, including Sections 314 through 327 of the Israeli Companies Law 5759-1999 together with the rules and regulations promulgated thereunder (collectively, the "**Companies Law**") and other related transaction steps, pursuant to which: (i) Subco will amalgamate with ZC (as defined herein) pursuant to the terms of the Merger, (ii) the security holders of ZC will receive securities of the Resulting Issuer (as defined herein) in exchange for their securities of ZC, and (iii) the transactions will result in a "reverse take-over" of 131 in accordance with the policies of the TSX Venture Exchange (the "**Exchange**"), all in the manner contemplated by and pursuant to the terms and conditions of this Agreement;

AND WHEREAS concurrently with the Merger, 131 and ZC will seek listing of the Resulting Issuer's issued and outstanding Common Shares on the Exchange;

AND WHEREAS the board of directors of ZC has: (i) determined that this Agreement, the Merger and the other transactions contemplated by this Agreement are fair to, and in the best interests of, ZC and its shareholders and that, considering the financial position of the merging companies, no reasonable concern exists that the Surviving Company will be unable to fulfill the obligations of ZC to its creditors; (ii) approved this Agreement, the Merger and the other transactions contemplated hereby; and (iii) determined to recommend that the shareholders of ZC approve this Agreement, the Merger and the other transactions contemplated hereby;

AND WHEREAS the boards of directors of 131 and Subco have each approved this Agreement, the Merger and the other transactions contemplated hereby, and the board of directors of Subco has: (i) determined that this Agreement, the Merger and the other transactions contemplated by this Agreement are fair to, and in the best interests of, Subco and its sole shareholder and that, considering the financial position of the merging companies, no reasonable concern exists that the Surviving Company will be unable to fulfill the obligations of Subco to its creditors, to the extent such exist; and (ii) determined to recommend that the sole shareholder of Subco approve this Agreement, the Merger and the other transactions contemplated hereby;

AND WHEREAS subsequent to entering into the Business Combination Agreement, ZC and 131 intend to complete a private placement of subscription receipts to raise capital for the operational expansion, business development and working capital needs of the Resulting Issuer;

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the following meanings, respectively:

“**131**” means 1319743 B.C. Ltd., as it exists prior to the completion of the Business Combination;

“**131 Share Split**” has the meaning ascribed thereto in Section 2.1(f) hereof;

“**131 Financial Statements**” has the meaning ascribed thereto in Section 4.2(n) hereof;

“**131 Meeting**” means a special meeting of the shareholders of 131 to be held in order to seek shareholder approval for the ZC Director Appointments, which may be effected by written resolution in lieu of a meeting if permitted by its constating documents;

“**131 Name Change**” means, subject to the completion of the Merger, a change in the name of 131 to “Zero Candida Inc.” or such other similar name as may be accepted by the relevant regulatory authorities and approved by the board of directors of the Resulting Issuer;

“**131 Options**” means options to purchase common shares of 131 of which, as of the date of this Agreement, there no are 131 Options issued and outstanding to purchase 131 Shares from treasury;

“**131 Shareholder**” means a registered holder of 131 Shares, from time to time;

“**131 Shares**” means the common shares in the capital of 131;

“**131 Subsidiaries**” means the direct and indirect Subsidiaries of 131 which, for greater certainty, include Subco;

“**Affiliate**” has the meaning ascribed thereto in the BCBCA;

“**Agreement**”, “**this Agreement**”, “**herein**”, “**hereto**”, and “**hereof**” and similar expressions refer to this business combination agreement, including the schedules attached hereto, as the same may be amended or supplemented from time to time;

“**BCBCA**” means the *Business Corporations Act* (British Columbia) as the same has been and may hereafter from time to time be amended;

“**Business Day**” means any day, excluding Saturday or Sunday, on which banking institutions are open for business in Vancouver, British Columbia, Canada and Tel-Aviv, Israel;

“**Business Combination**” means the series of transactions, as detailed in this Agreement, through which the businesses of ZC and 131 will be combined, including the Financing, the 131 Share Split, the Merger, the ZC Director Appointments and the ZC Name Change;

“Business Combination Agreement” has the meaning set forth in the recitals of this Agreement;

“Certificate of Merger” means the certificate in respect of the Merger issued by the Israeli Registrar of Companies;

“Companies Law” has the meaning ascribed thereto in the recitals of this Agreement;

“Completion Deadline” means September 30, 2024 or such later date as may be mutually agreed between the Parties in writing;

“Debt Instrument” has the meaning ascribed thereto in Section 4.1(x) hereof;

“Depositary” means such Person as 131 may appoint to act as depositary in relation to the Business Combination, with the approval of ZC, acting reasonably;

“Disclosure Letter” means the disclosure letter executed by ZC and attached as Schedule “A” to this Agreement;

“Documents” means this Agreement, the Merger Proposal;

“DRS Statement” means a statement evidencing a shareholding position under the Direct Registration System;

“Effective Date” means 5 days after the approval of the Business Combination and listing of 131 shares on the Exchange, or such other date as the parties hereto may agree as to the date upon which the closing shall take place;

“Environmental Laws” has the meaning ascribed thereto in Section 4.1(t) hereof;

“Exchange” means the TSX Venture Exchange;

“Financing” means the private placement of Subscription Receipts to be completed by ZC and 131 prior to the Effective Date;

“Going Public Transaction” means (i) the initial public offering of any class of securities of ZC or a direct listing application of ZC whereby any class of securities of ZC becomes listed or quoted on the Exchange, or (ii) a reverse takeover, amalgamation, merger, statutory arrangement, share exchange or similar transaction involving ZC and a reporting issuer in a province of Canada and which results in the securities of the resulting issuer from such transaction becoming listed or quoted on the Exchange;

“Governing Documents” means, in respect of each Party, as applicable, its certificate, its notice of articles and articles as amended, its articles of incorporation/association, as amended, and its by-laws, as amended;

“Government Authority” means any applicable foreign, national, provincial, local or state government, any political subdivision or any governmental, judicial, public or statutory instrumentality, court, tribunal, agency (including those pertaining to health, safety or the environment), authority, body or entity, or other regulatory bureau, authority, body or entity having legal jurisdiction over the activity or Person in question and, for greater certainty, includes the Exchange;

“IFRS” means International Financial Reporting Standards applicable as at the relevant date;

“Intellectual Property” means: (i) trade marks, design marks, logos, service marks, certification marks, official marks, trade names, business names, corporate names, trade dress, slogans, and other characters, brand elements or other distinguishing features used in association with services, whether or not registered or the subject of an application for registration and whether or not registrable, and the goodwill associated therewith, (ii) inventions,

software, arts, processes, machines, articles of manufacture, compositions of matter, business methods, developments and improvements, whether or not patented or the subject of an application for patent and whether or not patentable, (iii) pictorial works, graphic works, audio visual works, performances, sound recordings and signals and any compilations of any of the foregoing, whether or not registered or the subject of an application for registration and whether or not registrable, (iv) domain names, whether registered primary domain names or secondary or other higher level domain names, (v) industrial designs, whether or not registered or the subject of an application for registration and whether or not registrable, and (vi) all other intellectual and industrial property, including confidential and proprietary information and trade secrets, whether or not registered or the subject of an application for registration and whether or not registrable;

“in writing” means written information including documents, files, software, records and books made available, delivered or produced to one Party by or on behalf of the other Party;

“Israeli Registrar of Companies” means the Government Authority in the State of Israel responsible for the supervision, registration and enforcement over corporations in Israel;

“Israeli Trustee” means an Israeli trustee mutually appointed by 131 and ZC in respect of the Resulting Issuer Shares and Resulting Issuer Convertible Securities to be issued to ZC Holders resident in the State of Israel;

“ITA” means the Israeli Tax Authority.

“Laws” 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 terms and conditions of any grant of approval, permission, authority or license of any Government Authority, statutory body or self-regulatory authority, and the term “applicable” with respect to such Laws and in the context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Government Authority (or any other Person) having jurisdiction over the aforesaid Person or Persons or its or their business, undertaking, property or securities;

“Letter of Transmittal” means a letter of transmittal to be sent to holders of ZC Shares and ZC Convertible Securities for use in connection with the Business Combination and in order to deliver to the Israeli Trustee the Resulting Issuer Shares and Resulting Issuer Convertible Securities to which they are entitled after giving effect to the Merger;

“Material Adverse Effect” means any event, change or effect that is or would reasonably be expected to be materially adverse to the financial condition, operations, assets, liabilities, or business of a Party and its Subsidiaries, considered as a whole, provided, however, that a Material Adverse Effect shall not include an adverse effect resulting from a change: (a) which arises out of or in connection with a matter that has been publicly disclosed or otherwise disclosed in writing by such Party to the other Parties prior to the date of this Agreement; (b) resulting from conditions affecting the medical marijuana industry generally in Canada, Israel and the United States including changes in laws, government policies or programs or taxes; or (c) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada, the United States or Israel;

“material fact” has the meaning ascribed thereto in the *Securities Act* (British Columbia) as the same has been and may hereafter from time to time be modified;

“Merger” means the merger of Subco with and into ZC pursuant to the laws of the State of Israel in accordance with the terms of this Agreement;

“Merger Exchange Ratio” has the meaning given to such term in Section 2.1(g)(ii)(B) hereof;

“Merger Proposal” means the proposal to be prepared in the Hebrew Language to be executed and submitted to the Israeli Registrar of Companies in accordance with Section 316 of the Companies Law by ZC and Subco in respect of the Merger;

“Misrepresentation” includes any untrue statement of a material fact, any omission to state a material fact that is reasonably required to be stated and any omission to state a material fact that is reasonably necessary to be stated in order for a statement not to be misleading;

“Party” means each of ZC and 131 individually, and collectively, the **“Parties”**;

“Person” includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Government Authority, syndicate or other entity, whether or not having legal status;

“Plan” means the stock compensation plan to be approved by 131 shareholders, subject to completion of the Merger and Business Combination;¹

“Regulatory Approval” means any approval, consent, waiver, permit, order or exemption from any Government Authority having jurisdiction or authority over any Party or the Subsidiary of any Party which is required or advisable to be obtained in order to permit the Business Combination to be effected and **“Regulatory Approvals”** means all such approvals, consents, waivers, permits, orders or exemptions;

“Reporting Jurisdictions” has the meaning ascribed thereto in Section 4.2(d) hereof;

“Resulting Issuer” means 131 after giving effect to the Business Combination as described in this Agreement and renamed “Zero Candida Inc.” or such other similar name as may be accepted by the relevant regulatory authorities and approved by its board of directors;

“Resulting Issuer Convertible Securities” means, collectively, the Resulting Issuer Options;

“Resulting Issuer Options” means stock options to purchase Resulting Issuer Shares to be issued to the Israeli Trustee who holds the ZC Options in exchange for their ZC Options in accordance with the Merger Exchange Ratio;

“Resulting Issuer Share” has the meaning ascribed thereto in Section 2.1(g)(ii)(B) hereof;

“SEDAR+” means the system for the transmission of documents known as the System for Electronic Data Analysis and Retrieval +.

“Securities Authorities” means the applicable securities commissions or similar securities regulatory authorities in each of the Reporting Jurisdictions, and the Exchange;

“Surviving Company” means the corporation resulting and continuing from the Merger;

“Surviving Company Shares” means the ordinary shares in the share capital of the Surviving Company;

“Subco” means, a corporation to be incorporated under the laws of the State of Israel as a wholly-owned Subsidiary of 131 for the sole purpose of effecting the Merge;

"Subco Meeting" means a special meeting of the Subco Shareholder to be held in order to seek shareholder approval for the Merger;

"Subco Shares" means the ordinary shares in the capital of Subco;

"Subco Shareholder" means a registered holder of Subco Shares, from time to time, and **"Subco Shareholders"** means all such holders;

"Subscription Receipts" has the meaning ascribed to such term in Section 2.1(d);

"Subsidiary" has the meaning ascribed thereto in the BCBCA;

"Taxes" has the meaning ascribed thereto in Section 4.1(p) hereof;

"Tax Ordinance" means the Israeli Income Tax Ordinance [New-Version] – 1961, as amended, and the rules and regulations promulgated thereunder;

"U.S. Accredited Investor" means an accredited investor as defined in Rule 501(a) under the U.S. Securities Act;

"U.S. Person" has the meaning ascribed to such term in Rule 902(k) of Regulation S under the U.S. Securities Act;

"U.S. Securities Act" means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

"United States" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

"ZC" means Zero Candida Ltd., limited liability company number 516520657, a company existing under the laws of the State of Israel;

"ZC Convertible Securities" means the ZC Options;

"ZC Director Appointments" means, subject to the completion of the Merger, the reconstitution of the board of directors of 131 to consist of five (5) directors, as more particularly set out in Section 2.1(i);

"ZC Financial Statements" means (i) on the execution of this Agreement reviewed but unaudited consolidated financial statements of ZC for the two years ended December 31, 2022 and 2023 (most recently completed financial years) and the notes thereto, which will be audited within 90 days from the execution date of this Agreement; (ii) the unaudited interim financial statements of ZC, if required ; and (iii) the *pro forma* financial statements of ZC after giving effect to the Business Combination;

"ZC Holder" has the meaning given to such term in Section 2.1(l) and **"ZC Holders"** means all such holders;

"ZC Meeting" means a special meeting of the shareholders of ZC to be held in order to seek shareholder approval for the Merger;

"ZC Options" means the stock options to purchase ZC Shares granted to ZC directors, officers, employees, contractors and other eligible persons, of which, as of the date of this Agreement, there are 400,000 ZC Options issued and outstanding, all of which are held by the Israeli Trustee, including as required under section 102 to Tax Ordinance and under the Plan;

“**ZC Shareholder**” means a registered holder of ZC Shares, from time to time, and “**ZC Shareholders**” means all such holders;

“**ZC Shares**” means the ordinary shares in the capital of ZC;

“**ZC Warrants**” means the common share purchase warrants of ZC of which, as of the date of this Agreement, there are 269,564 ZC Warrants issued and outstanding;

1.2 Amendment and Restatement

This Agreement amends and restates the Business Combination Agreement in its entirety effective as of the date hereof.

1.3 Singular, Plural, etc.

Words importing the singular number include the plural and vice versa and words importing gender include the masculine, feminine and neuter genders.

1.4 Deemed Currency

In the absence of a specific designation of any currency any undescribed dollar amount herein shall be deemed to refer to Canadian dollars.

1.5 Headings, etc.

The division of this Agreement into Articles and Sections, the provision of a table of contents hereto and the insertion of the recitals and headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement and, unless otherwise stated, all references in this Agreement to Articles and Sections refer to Articles and Sections of and to this Agreement in which such reference is made.

1.6 Date for any Action

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

1.7 Governing Law

This Agreement shall be governed by and interpreted in accordance with the Laws of the Province of British Columbia and the Laws of Canada applicable therein. Each Party hereby irrevocably attorns to the jurisdiction of the Courts of the Province of British Columbia sitting in and for the judicial district of Vancouver in respect of all matters arising under or in relation to this Agreement. Notwithstanding the foregoing, the Merger and the Merger Proposal will be governed by the laws of the State of Israel.

1.8 Attornment

The Parties hereby irrevocably and unconditionally consent to and submit to the courts of the Province of British Columbia for any actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agree not to commence any action, suit or proceeding relating thereto except in such courts) and further agree that service of any process, summons, notice or document by single registered mail to the addresses of the Parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against either Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of British Columbia and hereby

further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

1.9 Schedules and Exhibits

Schedule A – Disclosure Letter

Section 4.1(d) - ZC Capitalization;
Section 4.1(j) – No Violation;
Section 4.1(o) - ZC Intellectual Property;
Section 4.1(q) – Finder’s Fee
Section 4.1(s) - ZC Material Agreements;
Section 4.1(u) – ZC Non-Arm’s Length Indebtedness;

Section 4.1(dd) - ZC Real Property and Leases, and
Section 4.1(x) - ZC Undisclosed Liabilities;

form an integral part of this Agreement.

ARTICLE 2 THE BUSINESS COMBINATION

2.1 Business Combination Steps

Subject to the terms and conditions hereof and in reliance on the representations, warranties, and covenants set forth or referred to herein, at the Closing Time, ZC and 131 agree to effect the combination of their respective businesses and assets by way of a series of steps or transactions including the Financing, the 131 Share Split, the Merger, the ZC Director Appointments and the 131 Name Change. Each Party hereby agrees that as soon as reasonably practicable after the date hereof or at such other time as is specifically indicated below in this Section 2.1, and subject to the terms and conditions of this Agreement, it shall take the following steps indicated for it:

- (a) **ZC Meeting.** ZC shall duly call and convene the ZC Meeting (or in the alternative, ZC may obtain approval of the ZC Shareholders by consent resolution) at which the ZC Shareholders will be asked to approve the Merger described in this Agreement and the Merger Proposal and ZC shall use all commercially reasonable efforts to obtain the approval of the ZC Shareholders for the foregoing matters.
- (b) **131 Meeting.** If required under applicable Law, 131 shall duly call and convene the 131 Meeting in order to received requisite 131 Shareholder approval, including Disinterested Shareholder Approval where required to approve, among other things, the 131 Share Split, the Business Combination, the ZC Director Appointments and the 131 Name Change.
- (c) **Subco Meeting.** Subco shall duly call and convene the Subco Meeting (or in the alternative, Subco may obtain approval of the Subco Shareholder by consent resolution) at which the Subco Shareholder will be asked to approve the Merger described in this Agreement and the Merger Proposal, and Subco shall use all commercially reasonable efforts to obtain the approval of the Subco Shareholder for the foregoing matters.
- (d) **Financing of Resulting Issuer.** Prior to the Effective Date, certain investors will invest cash for subscription receipts (the "**Subscription Receipts**") of 131 or ZC, as applicable, with each Subscription Receipt representing the right of the holder thereof to receive, in certain circumstances set forth in the terms attached to the Subscription Receipts, one 131 Share, without any further act and for no additional consideration.

- (e) **Valuation of 131 and ZC.** The Parties have agreed on the Merger Exchange Ratio, being 8.6277 131 Share to be issued to ZC Shareholders in exchange for each one (1) ZC Share and 8.6277 131 Option to be issued to ZC optionholders in exchange for each one (1) ZC Option .
- (f) **Split.** Following the receipt of shareholder approvals at the ZC Meeting, the Subco Meeting and the 131 Meeting (or by written resolution in lieu thereof), and immediately prior to the filing of the Merger Proposal, 131 shall take all necessary corporate steps to complete the 131 Share Split following which 131 will have a total of 2,000,000 131 Shares. No fractional Post-131 Share Split 131 Shares will be delivered to any 131 Shareholder otherwise entitled thereto and in accordance with the BCBCA, each fractional share that is less than half of a share will be cancelled and each fractional share that is at least half of a share will be changed to a whole share.
- (g) **Israeli Merger.** At the Effective Date and immediately prior to the exchange of the Subscription Receipts for the Resulting Issuer Shares:
 - (i) ZC and Subco shall merge by way of a merger under the Companies Law in accordance with Article 3 hereof whereby the separate corporate existence of Subco (as the target company, or *Chevrat'ha'Ya'ad*) shall cease and ZC (as the absorbing company or *HaChevra'Ha'Koletet*) shall continue as the Surviving Company.
 - (ii) As a result of the Merger:
 - (A) ZC shall continue to be governed by the laws of the State of Israel and have a registered office in the State of Israel;
 - (B) the Israeli Trustee shall receive, on behalf of the holders of outstanding ZC Shares, 8.6277 131 Share for each ZC Share held (such ratio being the “**Merger Exchange Ratio**”), and each such Post-131 Share Split 131 Share, after giving effect to the Business Combination, is herein referred to as a “**Resulting Issuer Share**”; no fractional Resulting Issuer Shares shall be issued to holders of ZC Shares or the Israeli Trustee; in the event of any fractional entitlement, the number of Resulting Issuer Shares issued to each former holder of ZC Shares shall be rounded down to the next lesser whole number of Resulting Issuer Shares without any payment in respect of such fractional Resulting Issuer Share;
 - (C) Resulting Issuer Options shall be issued to the Israeli Trustee on behalf of the holders of the ZC Options, in exchange and replacement for, on an equivalent basis and giving effect to the Merger Exchange Ratio, such ZC Options which shall thereby be cancelled;
 - (D) as consideration for the issuance of the 131 Shares to the Israeli Trustee to hold such shares on behalf of the holders of ZC Shares to effect the Merger, the ZC Shares held by such holders will be transferred and conveyed to 131;
 - (E) ZC shall succeed to and assume all of the rights, properties and obligations of Subco in accordance with the Companies Law;
 - (F) the Surviving Company will be a wholly-owned Subsidiary of 131; and
 - (G) 131 Shareholders as a group will own 10% of the Resulting Issuer Shares and ZC Shareholders as a group will own 90% of the Resulting Issuer Shares..

- (h) **Exchange of Subscription Receipts.** The Subscription Receipts will automatically be exchanged for Resulting Issuer Shares pursuant to the terms and conditions of the Subscription Receipts and the Subscription Receipt Agreement.
- (i) **Reconstitution of Board and Name Change.** 131 will: (i) reconstitute its board of directors to give effect to the ZC Director Appointments, and (ii) effect the 131 Name Change.
- (j) **Exchange Listing and Escrow.** The Resulting Issuer Shares will become listed on the Exchange. The Parties acknowledge that all or a portion of the Resulting Issuer Shares, including, without limitation, 100% of the 131 Shares (and securities convertible into 131 Shares) issued and outstanding immediately prior to giving effect to the Business Combination and to be issued to those persons who will be "Principals" (as such term is defined in the Exchange Corporate Finance Manual) of the Resulting Issuer shall be subject to escrow provisions which shall be imposed pursuant to the policies of the Exchange and may be subject to such other trading restrictions as may be imposed by the Exchange or under applicable securities Laws. The Parties further acknowledge and agree that the Exchange may impose escrow and other trading restrictions on the 131 Shares issued to non-Principals as provided in the Exchange Policy 5.4 or otherwise and 131 and ZC agree to comply and agree to use their reasonable efforts to cause their respective shareholders to comply with all such escrow requirements of the Exchange, provided that all Parties agree to use their reasonable commercial efforts to obtain the most advantageous escrow terms for holders of the Resulting Issuer Shares.
- (k) The Parties acknowledge that the Exchange will require some or all of the Resulting Issuer Shares issued pursuant to the Business Combination to be held in escrow and ZC and 131, as applicable, agree to comply and use its reasonable efforts to cause its shareholders to comply with all such escrow requirements of the Exchange, provided that all Parties agree to use their reasonable commercial efforts to obtain the most advantageous escrow terms for holders of ZC Shares.
- (l) **Tax Liability.** Each ZC Holder (as defined below) will bear the full responsibility for all of his, her or its respective tax, financial, legal and other advice and actions relating to the receipt of the Resulting Issuer Securities in consideration for the ZC Securities pursuant to the Business Combination, including, without limitation, all filing, elections and other matters required or advisable to ensure that the Business Combination is effected as a tax deferred merge or share-for-share exchange with respect to such ZC Holder. 131 and ZC will not assume and shall not be liable for any Taxes which may become payable by any ZC Holder or losses suffered or incurred by any ZC Holder, 131 or ZC as a result of or arising directly or indirectly out of or in connection with any ZC Holder's failure to comply with applicable Tax laws in Israel, Canada, and any other jurisdiction applicable to the any ZC Holder.
- (m) **Trustee for Shares.** Without derogating from the foregoing, with respect to Israeli tax, all securities issued to the ZC Shareholders and ZC Convertible Securities holders (collectively, the "**ZC Holders**") shall be retained by the Israeli Trustee for a period of up to one hundred and eighty (180) days from the Effective Date with respect of each applicable portion of each ZC Holder's consideration or as otherwise required by the ITA (the "**Withholding Deadline**") (during which time neither 131 nor the Trustee shall withhold any Israeli tax on such consideration unless explicitly required to do so by the ITA and except as provided below), and during which time each such ZC Holder (acting for itself or through an agent) may obtain a certification or ruling (a "**Withholding Certificate**") issued by the ITA, in form and substance reasonably acceptable to 131 and the Israeli Trustee (A) exempting 131 and the Israeli Trustee from the duty to withhold Israeli taxes with respect to the applicable consideration of such ZC Holder, (B) determining the applicable rate of Israeli tax to be imposed on the applicable

consideration of such ZC Holder, or (C) providing any other instructions regarding the payment or withholding with respect to the applicable consideration of such ZC Holder. In the event that prior to the Withholding Deadline, a ZC Holder (or an agent acting on its behalf) submits to the Israeli Trustee a Withholding Certificate, in form and substance reasonably acceptable to 131, the Israeli Trustee shall act in accordance with the provisions of such Withholding Certificate.

- (n) **Tax Pre-ruling.** The ZC Holders and/or ZC should receive a favorable Israeli tax pre-ruling to their full satisfaction providing that the consummation of the Financing and Merger contemplated hereunder shall constitute a deferred tax event for ZC and ZC Holders and shall not obligate them to pay any tax amounts prior to receiving actual funds resulting from the sale of 131 Shares received by them in exchange for their ZC Shares and ZC Convertible Securities holders (the “**Ruling**”).
- (o) **Withholding.** If any ZC Holder entitled to payment hereunder (A) does not provide the Israeli Trustee with a Withholding Certificate, prior to the Withholding Deadline, or (B) submits a written request to the Israeli Trustee to release his, her or its portion of the applicable consideration prior to the Withholding Deadline and fails to submit a Withholding Certificate, at or prior to such time, then the amount to be withheld from such ZC Holder’s portion of the applicable consideration shall be calculated according to the applicable withholding rate as determined in good faith by the Israeli Trustee according to the Tax Ordinance.
- (p) **Cooperation.** 131 shall cooperate with ZC and ZC Holders and their counsel with respect to the preparation and filing of any applicable tax ruling(s), including interim rulings, issued by the ITA and in the preparation of any written or oral submissions that may be necessary, proper or advisable to obtain such ruling(s). Subject to the terms and conditions hereof, the parties shall use reasonable efforts to promptly take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable law to obtain any such rulings, as promptly as practicable. Notwithstanding the provisions of Section 2.1(l) above, if such applicable tax rulings shall be received and delivered to the Israeli Trustee prior to the Withholding Deadline, then the provisions of such rulings shall apply and all applicable withholding and reporting procedures shall be made in accordance with the provisions of such rulings and the relevant sections of the Tax Ordinance according to which such rulings were issued. ZC will inform 131 in advance of meetings and discussions with the ITA with respect to the Ruling (as defined below) and allow, if deemed necessary by ZC, 131’s counsel to attend such meetings and participate in such discussions. The counsel of ZC shall provide 131’s counsel with an update of meetings and discussions held with the ITA with respect to the Ruling, within reasonable time and to the extent deemed necessary by ZC counsel. Furthermore, ZC shall allow 131 to review and comment on any application or submission made to the ITA with regard to the Rulings and ZC shall adequately address such comments and revise the language if deemed necessary.
- (q) **Other Actions, etc.** The Parties shall take any other action and do anything, including the execution of any other agreements, documents or instruments that are necessary or useful to give effect to the Business Combination.

2.2 Implementation Covenants

- (a) **Filing Statement.** ZC and 131 shall use commercially reasonable efforts to jointly prepare the Filing Statement together with any other documents required by applicable Laws in connection with the Business Combination and shall jointly file the final Filing Statement required by applicable Laws as soon as reasonably practicable and shall use all commercially reasonable efforts to file the final Filing Statement prior to the Completion Deadline. All the Exchange fees

associated with the preparation and approval of the Filing Statement shall be borne solely by ZC.

- (b) **Preparation of ZC Meeting Documentation.** ZC shall duly prepare documentation required in connection with the ZC Meeting, and deliver such documentation to ZC Shareholders.
- (c) **Preparation of 131 Meeting Documentation.** 131 shall duly prepare documentation required in connection with the 131 Meeting, and deliver such documentation to 131 Shareholders.
- (d) **Resolution in Lieu of Subco Shareholder Meeting.** 131, as sole shareholder of Subco, shall waive notice of and its attendance at a meeting of the shareholders of Subco to approve the Merger and shall sign a resolution in writing as the sole shareholder of Subco approving the Merger.
- (e) **Listing.** 131 shall use commercially reasonable efforts to have the Resulting Issuer Shares listed on the Exchange.
- (f) **Preparation of Filings.** ZC and 131 shall cooperate in the preparation of any documents and taking of all actions reasonably deemed by ZC or 131 to be necessary to discharge their respective obligations under applicable Laws in connection with the Business Combination and all other matters contemplated in the Documents, and in connection therewith:
 - (i) each of ZC and 131 shall furnish to the other all such information concerning it and its shareholders as may be required to effect the actions described in this Article 2, and each covenants that no information furnished by it in connection with such actions or otherwise in connection with the consummation of the Business Combination will contain any untrue statement of a material fact or omit to state a material fact required to be stated in any such document or necessary in order to make any information so furnished for use in any such document not misleading in the light of the circumstances in which it is furnished or to be used;
 - (ii) ZC and 131 shall each promptly notify the other if at any time before the Effective Date it becomes aware that the Filing Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Filing Statement. In any such event, ZC and 131 shall cooperate in the preparation of a supplement or amendment to the Filing Statement, as required and as the case may be, and, if required, shall cause the same to be filed with the applicable Securities Authorities; and
 - (iii) each of ZC and 131 shall ensure that the Filing Statement complies with all applicable Laws and, without limiting the generality of the foregoing, that the Filing Statement does not contain any untrue statement of a material fact or omit to state a material fact with respect to itself required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

2.3 Board of Directors and Senior Officers

Each of the Parties hereby agrees that upon completion of the Business Combination and giving effect to the ZC Director Appointments, and subject to approval by the Exchange, the board of directors and senior officers of the Resulting Issuer shall consist of the following, subject to such additions or replacements as ZC may determine:

2.4 Accredited Investor Status of U.S. Holders

Name	Title
Asher Holzer	Director, President or Chairman
Eli Ben-Haroosh	Director, Chief Executive Officer or Chairman
to be nominated by ZC prior to Closing	Director
to be nominated by ZC prior to Closing	Director
to be nominated by ZC prior to Closing	Director

Each holder of ZC Shares, ZC Warrants, ZC Options or ZC Agent Warrants who is resident in the United States or otherwise a “U.S. Person”, as defined in Regulation S under the U.S. Securities Act, is in the United States, or consents to the Business Combination from within the United States, will, as a condition of receiving Resulting Issuer Shares or Resulting Issuer Convertible Securities, as applicable, upon completion of the Business Combination, be required to deliver a certificate in a form satisfactory to 131 and ZC as to their status as a U.S. Accredited Investor, together with any supporting information as reasonably requested by 131 or ZC in order to confirm their status or information regarding the availability of an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws for the issuance of such securities of the Resulting Issuer to such holder and any certificate representing such securities delivered to such holder shall bear a U.S. legend substantially in the following form:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH CANADIAN LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH (I) RULE 144A OF THE U.S. SECURITIES ACT, IF APPLICABLE, TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE OFFER, SALE OR TRANSFER IS BEING MADE IN RELIANCE OF RULE 144A, OR (II) RULE 144 OF THE U.S. SECURITIES ACT, IF APPLICABLE, AND, IN EACH CASE, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF (C)(II) AND (D), THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”

In addition, all Resulting Issuer Convertible Securities will also bear the following legend:

“THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES DELIVERABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”).

THIS SECURITY MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A U.S. PERSON OR PERSON IN THE UNITED STATES UNLESS THE SHARES ISSUABLE UPON EXERCISE OF THIS SECURITY HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS ARE AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT."

Notwithstanding anything to the contrary in this Agreement, no Resulting Issuer Shares shall be issued or delivered to any person in the United States if the Resulting Issuer determines, in its sole discretion, that doing so may result in any contravention of the U.S. securities laws and the Resulting Issuer may instead, in the case of the Resulting Issuer Shares, appoint an agent to sell the Resulting Issuer Shares of such person on behalf of that person and deliver an amount of cash representing the proceeds of the sale of such Resulting Issuer Shares, net of expenses of sale.

ARTICLE 3 ISRAELI MERGER

3.1 Merger Proposal and ZC Meeting

- (a) As promptly as practicable after the execution and delivery of this Agreement:
 - (i) ZC and Subco shall complete and execute the Merger Proposal in the form reasonably acceptable to 131;
 - (ii) ZC and Subco shall cause the Merger Proposal to be executed in accordance with Section 316 of the Companies Law;
 - (iii) ZC shall call the ZC Meeting; and
 - (iv) each of ZC and Subco shall deliver the Merger Proposal to the Israeli Registrar of Companies within three days from the calling of the ZC Meeting in accordance with Section 317(a) of the Companies Law.

3.2 Notice to Creditors

- (a) ZC and Subco shall cause a copy of the Merger Proposal to be delivered to each of their respective secured creditors, if any, no later than three days after the date on which the Merger Proposal is delivered to the Israeli Registrar of Companies, and each of their respective material creditors, if any, no later than three days after the date on which the Merger Proposal is delivered to the Israeli Registrar of Companies, and shall promptly inform their respective non-secured creditors of the Merger Proposal and its contents in accordance with Section 318 of the Companies Law and the regulations promulgated thereunder.
- (b) In addition to the foregoing, ZC and, if applicable, Subco, shall:
 - (i) publish a notice to its creditors, stating that a Merger Proposal was submitted to the Israeli Registrar of Companies and that the creditors may review the Merger Proposal at the office of the Israeli Registrar of Companies, ZC's registered offices or Subco's registered offices, as applicable, and at such other locations as ZC or Subco, as applicable, may determine, in (i) two daily Hebrew newspapers and a newspaper in such other locations as required by the Companies Law, on the day that the Merger Proposal

is submitted to the Israeli Registrar of Companies, and (ii) if required, in such other manner as may be required by any applicable law and regulations;

- (ii) within four business days from the date of submitting the Merger Proposal to the Israeli Registrar of Companies, send a notice by registered mail to all of the “**Substantial Creditors**” (as such term is defined in the regulations promulgated under the Companies Law) that ZC or Subco, as applicable, is aware of, in which it shall state that a Merger Proposal was submitted to the Israeli Registrar of Companies and that the creditors may review the Merger Proposal at such additional locations, if such locations were determined in the notice referred to in paragraph (A) above;
- (iii) display in a prominent place at ZC’s premises a copy of the notice published in a daily Hebrew newspaper, no later than three business days following the day on which the Merger Proposal was submitted to the Israeli Registrar of Companies;
- (iv) after having complied with the foregoing, ZC and Subco shall promptly inform the Israeli Registrar of Companies, but in any event no later than three days following the date on which such notices were sent to the creditors and/or published, applicable, in accordance with Section 317(b) of the Companies Law, that notice was given to their respective creditors under Section 318 of the Companies Law and the regulations promulgated thereunder; and
- (v) for the purposes of this Article 3 only, the term “**business day**” shall have the meaning set forth in the Israeli Merger Regulations 5760-2000 promulgated under the Companies Law.

3.3 Certificate of Merger

- (a) In accordance with customary practice with the Israeli Registrar of Companies, Subco and ZC shall request that the Israeli Registrar of Companies declare the Merger effective on the Effective Date and issue the Certificate of Merger upon such date.
- (b) For the avoidance of doubt, the completion of the statutory merger process and the request for issuance of a Certificate of Merger from the Israeli Registrar of Companies shall be subject to coordination by the Parties and fulfillment or waiver of all of the conditions set forth in Article 6 below.
- (c) For the further avoidance of doubt, and notwithstanding any provision of this Agreement to the contrary, it is the intention of the parties that the Merger shall be declared effective and the Certificate of Merger shall be issued on the Effective Date.

3.4 Share Exchange under the Merger

- (a) Upon the issuance of the Certificate of Merger: (i) the Israeli Trustee shall be deemed to be the registered holder of the Resulting Issuer Shares, on behalf of the ZC Shareholders which are entitled to such Resulting Issuer Shares hereunder; (ii) the Resulting Issuer shall deposit such Resulting Issuer Shares with the Depositary and/or the electronic positions representing such Resulting Issuer Shares with CDS, as applicable, to satisfy the consideration issuable to such ZC Shareholders; and (iii) certificates formerly representing ZC Shares which are held by such ZC Shareholders shall cease to represent any claim upon or interest in ZC other than the right of the registered holder to receive the number of Resulting Issuer Shares to which it is entitled hereunder, all in accordance with the provisions of the Merger Proposal.

- (b) As soon as reasonably practicable after the Effective Date, the Depositary will forward to, or hold for pick-up by, each former ZC Shareholder that submitted a duly completed Letter of Transmittal, a DRS Statement or other evidence of entitlement to the Depositary, together with the certificate (if any) representing the ZC Shares held by such ZC Shareholder or such other evidence of ownership of such ZC Shares as is satisfactory to the Depositary, acting reasonably, (i) the certificates or DRS Statements representing the Resulting Issuer Shares to which such ZC Shareholder is entitled, in accordance with its Letter of Transmittal, or (ii) confirmation of a non-certificated electronic position transfer in CDS representing the Resulting Issuer Shares to which such ZC Shareholder is entitled, in accordance with its Letter of Transmittal, all in accordance with the provisions of the Merger Proposal.
- (c) The Resulting Issuer, as the registered holder of the Subco Shares, shall be deemed to be the beneficiary of the Surviving Company Shares to which it is entitled hereunder, which shall be held by the Israeli Trustee for its benefit, and the Israeli Trustee shall be entitled to receive, on behalf of the Resulting Issuer, a share certificate representing the number of Surviving Company Shares to which the Resulting Issuer is entitled hereunder. Until delivery of such certificate, the share certificate or certificates representing the Subco Shares held by the Resulting Issuer will be evidence of the Resulting Issuer's right to be registered as a shareholder of the Surviving Company. Share certificates evidencing Subco Shares shall cease to represent any claim upon or interest in Subco other than the right of the registered holder to receive the number Surviving Company Shares to which it is entitled pursuant to the terms hereof and the Merger.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of ZC

In order to induce 131 and Subco to enter into this Agreement and to consummate the Business Combination, ZC hereby represents and warrants to 131, and acknowledges that 131 is relying upon such representations and warranties in connection with the entering into of this Agreement, as follows, except as set forth in the Disclosure Letter, regardless of whether or not the Disclosure Letter is referenced below with respect to any particular representation or warranty:

- (a) *ZC Valid Existence:* ZC has been duly incorporated and is validly existing under the laws of the State of Israel and is current and up-to-date with all filings required to be made by it in such jurisdiction and
- (b) *No ZC Subsidiaries:* ZC has no subsidiaries;
- (c) *Corporate Power:* ZC has full corporate power, capacity and authority to undertake all steps of the Business Combination contemplated in the Documents and to carry out its obligations under this Agreement;
- (d) *Capitalization:* the authorized capital of ZC is 10,000,000 ordinary shares (NIS 10,000), of which, at the date hereof, there are 1,416,750 ZC Shares issued and outstanding. The ZC Shares and ZC Convertible Securities that are issued and outstanding as of the date hereof, together with the names of the registered owners and the respective number of securities held by each such Person, are set forth in Section 4.1(d) of the Disclosure Letter. The ZC Shares that are issued and outstanding at the Closing Time have been, or will at the Closing Time be, duly authorized and validly issued and outstanding as fully paid and non-assessable shares. Except as disclosed in Section 4.1(d) of the Disclosure Letter, and other than the securities to be issued in connection with the Business Combination, including pursuant to the Financing, there are no rights, subscriptions, warrants, options, conversion rights, calls, commitments or plans or

agreements of any kind outstanding which would enable any Person to purchase or otherwise acquire any shares or other securities of ZC or ZC Subsidiaries;

- (e) *Shareholder Agreements and No Agreement to Purchase:* ZC is not a party to any shareholders', partnership or similar agreements governing the affairs of ZC or the relationship, rights and duties of its shareholders or any voting trusts, pooling arrangements or other similar agreements with respect to the ownership, control or voting of any shares of ZC or ZC Subsidiaries, including, without limitation, has not granted any agreement, warrant, option or right or privilege capable of becoming an agreement, for the purchase, subscription or issuance of any ZC Shares or any shares of any one of the ZC Subsidiaries, or securities convertible into or exchangeable for ZC Shares or shares of any ZC Subsidiary other than under the terms of the ZC Convertible Securities;
- (f) *Private Issuer:* ZC is not a reporting issuer nor an associate of any reporting issuer (as defined in the *Securities Act* (British Columbia) or the *Securities Act* of any other province of Canada) and the ZC Shares do not trade on any exchange, including, without limitation, the Tel Aviv Stock Exchange;
- (g) *Corporate Power and Authority:* ZC has all requisite corporate capacity, power and authority, and possesses all certificates, authority, permits and licenses issued by the appropriate state, provincial, municipal or federal regulatory agencies or bodies necessary to conduct the business as now conducted by ZC on a consolidated basis, and to own its assets, and is in compliance in all material respects with such certificates, authorities, permits or licenses. ZC is not in receipt of any notice of proceedings relating to the revocation or modification of any such certificate, authority, permit or license which, singly or in the aggregate, if the subject of an unfavourable decision, order, finding or ruling, would adversely affect the conduct of the business, operations, financial condition, income or future prospects of ZC on a consolidated basis. ZC has no responsibility or obligation to pay any commission, royalty, license or similar payment to any person (other than mandatory payments to the appropriate state, provincial, municipal or federal regulatory agencies and applicable laws of Israel) with respect thereto;
- (h) *Title to Assets:* ZC is the absolute legal and beneficial owner of, and has good and marketable title to, all of the material property or assets thereof free of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever;
- (i) *Authority; Execution and Enforceability:* Each of the Documents has been or at the Effective Date will be, duly authorized, and with respect to this Agreement, executed and delivered by ZC and constitutes a valid and binding obligation of ZC enforceable in accordance with its terms (subject to such limitations and prohibitions as may exist or may be enacted in applicable laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally) and no other corporate proceeding on the part of ZC, other than the submission of the Merger to the ZC Shareholders and as specified in this Agreement, is necessary to authorize this Agreement and the transactions contemplated hereby;
- (j) *No Violation:* Except as listed in Section 4.1(j) of the Disclosure Letter, and subject to ZC public disclosure, the entering into and the performance by ZC of the Business Combination contemplated in the Documents: (a) do not require any consent, approval, authorization or order of any court or governmental agency, body or Government Authority, except that which may be required under this Agreement, applicable corporate and securities legislation and the policies of the Exchange and as specified in this Agreement; (b) will not violate or contravene any statute or regulation of any Government Authority which is binding on ZC where such contravention

would have a Material Adverse Effect; and (c) will not result in the breach of, or be in conflict with, or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under any term or provision of the constating documents, by-laws or resolutions of ZC or any mortgage, note, indenture, contract or agreement instrument, lease or other document to which ZC is a party, or any judgment, decree or order or any term or provision thereof, which breach, conflict or default would have a Material Adverse Effect;

- (k) *Legal Proceedings:* There are no legal, regulatory, governmental or similar proceedings pending or, to the knowledge of ZC, contemplated or threatened, to which ZC is a party or to which the property of ZC is subject;
- (l) *Insurances:* ZC maintains insurance against loss or damage in respect of its assets, business and operations, with responsible insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses;
- (m) *Qualification to do Business.* ZC is registered, licensed or otherwise qualified to do business in each jurisdiction in which it operates where such qualification is required to comply with applicable Law, except where the failure to be so registered, licensed or otherwise qualified would not have a Material Adverse Effect in respect of ZC. ZC has all necessary corporate power, authority, and capacity to carry on its business and to own or lease and operate its property and assets as now carried on and owned or leased and operated. ZC is not aware of any legislation, which it anticipates will materially and adversely affect the business, affairs, operations, assets, liabilities (contingent or otherwise) or prospects of ZC;
- (n) *Non-statutory Limitations:* other than the requirements under the applicable laws of Israel, neither ZC nor any one of the ZC Subsidiaries is party to or bound or affected by any commitments, agreement or document containing any covenant which expressly limits the freedom of ZC and the ZC Subsidiaries to compete in any line of business or with any person, other than for certain exclusive distribution arrangements in particular territories as disclosed in the Disclosure Letter, or to transfer or move any of its assets or operations;
- (o) *Intellectual Property:*
 - (i) other than the Intellectual Property listed in Section 4.1(o)(i) of the Disclosure Letter (the “**Registered Intellectual Property**”), neither ZC nor ZC Subsidiaries own any registered Intellectual Property, nor does it have any pending applications for any such registered Intellectual Property. The Registered Intellectual Property is valid and fully enforceable by ZC and ZC Subsidiaries, as applicable;
 - (ii) ZC (i) owns all of the right, title and interest in and to all of the material Intellectual Property that is owned by or registered to ZC and that is used in the business of ZC and ZC Subsidiaries as presently conducted, excluding licensed Intellectual Property (“**Owned Intellectual Property**”); and (ii) is licensed to use, or otherwise has the right to use, the material Intellectual Property that is licensed to ZC and used in the business of ZC and ZC Subsidiaries as presently conducted;
 - (iii) to the knowledge of ZC, the conduct of the ZC business does not infringe upon the industrial or intellectual property rights, domestic or foreign, of any other Person. Neither ZC nor ZC Subsidiaries are aware of a claim of any infringement or breach of any industrial or intellectual property rights of any other person, nor has ZC or ZC Subsidiaries received any notice that the conduct of the ZC’s business, including the use of the ZC Intellectual Property, infringes upon or breaches any industrial or intellectual property rights of any other person, and neither ZC nor ZC Subsidiaries have any

knowledge of any infringement or violation of any of its rights in the ZC Intellectual Property;

- (iv) ZC has taken actions that it considers reasonable to protect the Owned Intellectual Property to the extent necessary to protect its interest therein. ZC has taken reasonable steps to protect and preserve the secrecy, confidentiality and value of all of its material trade secrets used in the conduct of its business and, to the knowledge of ZC and ZC Subsidiaries, there are no unauthorized uses, disclosures or misappropriations of any such trade secret;
- (v) the entire right, title and interest of any and all Owned Intellectual Property conceived, created, invented, authored or developed or caused to be reduced to practice by any employee of ZC or ZC Subsidiaries during the term of, and that relates to, current or past employees' employment with ZC or ZC Subsidiaries is and will exclusively vest in ZC or ZC Subsidiaries, and no employee is or will be entitled to any royalties or other form of compensation relating to the creation of such Owned Intellectual Property. No Owned Intellectual Property necessary to enable the activities of the business of ZC or ZC Subsidiaries as now being conducted is held by any current or past consultant, employee, director or shareholder of ZC or ZC Subsidiaries;
- (vi) except as set out in Section 4.1(o)(i) of the Disclosure Letter, neither ZC nor ZC Subsidiaries are currently obligated or under any contractual liability whatsoever to make any payments by way of royalties, fees or otherwise to any owner, author or licensee of, or other claimant to, any Owned Intellectual Property, with respect to the use thereof or in connection with the conduct of its business or otherwise;
- (p) *Taxes*: all taxes (including income taxes, capital tax, payroll taxes, employer health taxes, workers' compensation payments, property taxes, sales, use, goods and services taxes, value-added taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "**Taxes**") due and payable by ZC and the ZC Subsidiaries have been paid or a provision made therefor except where the failure to pay such Taxes would not result in a Material Adverse Effect for ZC. All tax returns, declarations, remittances and filings required to be filed by ZC and the ZC Subsidiaries have been filed with all appropriate Government Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. To the knowledge of ZC, no examination of any tax return of ZC or any one of the ZC Subsidiaries is currently in progress and there are no issues or disputes outstanding with any Government Authority respecting any Taxes that have been paid, or may be payable, by ZC and the ZC Subsidiaries. There are no agreements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to ZC or any of the ZC Subsidiaries;
- (q) *Finder's Fees*: other than in connection with the Financing and as set forth in Section 4.1(q) of the Disclosure Schedule, there is no person, firm or company acting or purporting to act at the request of ZC who is or will be entitled to any brokerage or finder's fee in connection with the transactions contemplated herein;
- (r) *Compliance with Applicable Laws*: ZC and each of the ZC Subsidiaries has conducted and is conducting its business in compliance in all material respects with all applicable Laws of each jurisdiction in which it carries on business and with all Laws material to its operation, and neither ZC nor any one of the ZC Subsidiaries has received any notice of the revocation or cancellation of, or any intention to revoke or cancel, any of the licenses, leases or other

instruments conferring rights to ZC or any one of the ZC Subsidiaries for the conduct of their business;

(s) *Material Agreements:*

- (i) other than as set out in Section 4.1(s)(i) of the Disclosure Letter, there are no other contracts to which ZC or ZC Subsidiaries are a party: (i) under which ZC or ZC Subsidiaries are obliged to make payments in excess of US\$50,000 per annum; (ii) which involve a joint venture, partnership or similar agreements and arrangements; (iii) relating to the licensing or sublicensing (either as licensor or licensee) or purchase or sale of any interest in Owned Intellectual Property, other than non-exclusive software licenses granted in the ordinary course of business and open source software; (iv) with any director or officer of ZC or ZC Subsidiaries; or (v) the termination of which would result in a Material Adverse Effect on ZC or any of ZC Subsidiaries (each, an “ZC Material Contract”, and collectively, the “ZC Material Contracts”);
- (ii) each ZC Material Contract represents the entire agreement between the parties thereto on such matter thereof. A true and complete copy of each ZC Material Contract has been made available to 131. Except as disclosed in Section 4.1(s)(ii) of the Disclosure Letter, neither ZC nor any of ZC Subsidiaries is in default, in any material respect, under any ZC Material Contract to which it is a party, and, to the knowledge of ZC, no other party is in default under any such ZC Material Contract and there has not occurred any event which, with the lapse of time or giving of notice or both, would constitute a default, in any material respect, under any such ZC Material Contract by ZC or ZC Subsidiaries or, to ZC’s or ZC Subsidiaries’ knowledge, any other party to such ZC Material Contract;
- (iii) no Consent is required nor is any notice required to be given under any ZC Material Contract in connection with the entering into of this Agreement and the completion of the Business Combination in order to maintain all rights of ZC or ZC Subsidiaries under such ZC Material Contract at Closing.;

- (t) *Environmental Matters:* to the knowledge of ZC, all the properties in which ZC or the ZC Subsidiaries have any freehold, leasehold, license or other interest are free and clear of any hazardous or toxic material, pollution, or other adverse environmental conditions which may give rise to any and all claims, actions, causes of action, damages, losses, liabilities, obligations, penalties, judgments, amounts paid in settlement, assessments, costs, disbursement or expenses (including, without limitation, attorneys’ fees and costs, experts’ fees and costs, and consultant’s fees and costs) of any kind or of any nature whatsoever that are asserted against ZC or any of the ZC Subsidiaries, alleging liability (including, without limitation, liability for studies, testing or investigatory costs, cleanup costs, response costs, removal costs, remediation costs, contaminant costs, restoration costs, corrective action costs, closure costs, reclamation costs, natural resource damages, property damages, business losses, personal injuries, penalties or fines) arising out of, based on or resulting from (i) the presence, release, threatened release, discharge or emission into the environment of any hazardous materials or substances existing or arising on, beneath or above properties and/or emanating or migrating and/or threatening to emanate or migrate from such properties to off-site properties; (ii) physical disturbance of the environment; and (iii) the violation or alleged violation of all applicable Laws aimed at reclamation or restoration of such properties; abatement of pollution; protection of the environment, protection of wildlife, including endangered species; ensuring public safety from environmental hazards; protection of cultural and historic resources; management, storage or control of hazardous materials and substances; releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances as wastes into the environment, including without limitation,

ambient air, surface water and groundwater; and all other applicable Laws relating to the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes (collectively, “**Environmental Laws**”); and to the knowledge of ZC, after due inquiry, all environmental approvals required pursuant to Environmental Laws with respect to activities carried out on any part of the lands covered by such properties, have been obtained, are valid and in full force and effect and have been complied with; and there are no proceedings commenced or threatened to revoke or amend any such environmental approvals;

- (u) *Non-Arm’s Length’s Indebtedness:* other than as set forth in Section 4.1(u) of the Disclosure Schedule, neither ZC nor any one of the ZC Subsidiaries has any loan or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any person not dealing at “arm’s length” (as such term is defined in the *Income Tax Act* (Canada));
- (v) *Employees Matters:* ZC and ZC Subsidiaries have complied in all material respects with all applicable employment laws, policies, procedures and agreements relating to employment, terms and conditions of employment and to the proper withholding and remission to the proper tax and other authorities of all sums required to be withheld from employees under applicable laws respecting such withholding. ZC and ZC Subsidiaries has paid in full to all of its employees all wages, salaries, commissions, bonuses, benefits and other compensation due and payable to such employees on or prior to the date hereof. Neither ZC nor ZC Subsidiaries are bound by or subject to and none of its assets or properties is bound by or subject to any written or oral, express or implied, contract, commitment or arrangement with any labor union except for those provisions of general agreements between the Histadrut and any Employers’ Union or Organization which are applicable by an extension order to all the employees in Israel or in a specific industry in Israel. To ZC’s knowledge, no employee has violated any material term of his or her employment agreement. To ZC’s knowledge, no current or past consultants or service providers of ZC and ZC Subsidiaries could be considered employees of ZC or ZC Subsidiaries;
- (w) *Payment of Dividends:* there is not, in the constating documents or in any agreement, mortgage, note, debenture, indenture or other instrument or document to which ZC or any one of the ZC Subsidiaries is a party, any restriction upon or impediment to the declaration or payment of dividends by the directors of ZC or the ZC Subsidiaries or the payment of dividends by ZC or the ZC Subsidiaries to the holders of their securities;
- (x) *Undisclosed Liabilities:* Neither ZC nor ZC Subsidiaries have any material liabilities or obligations of any nature (whether known or unknown, liquidated or unliquidated, due or to become due and whether absolute, accrued, contingent or otherwise), and is not a party to, or bound by, any material agreement of guarantee, indemnification, assumption or endorsement or any like commitment of the material liabilities or obligations of any other Person, except for: (i) liabilities or obligations disclosed or provided for in the most recent financial statements forming part of the ZC Financial Statements; (ii) liabilities or obligations arising in the ordinary course of business, including indemnification or warranties provided to customers, vendors and suppliers not in aggregate excess of \$50,000; (iii) liabilities or obligations incurred or to be incurred in connection with the Business Combination, including paying legal, audit, and ancillary fees and disbursements incurred by 131 in connection with the Business Combination on behalf of 131 up to a maximum of \$25,000 plus all applicable sales taxes; (iv) director and officer indemnification provided for under its constating documents or by applicable Law; or (iv) as otherwise set forth in Section 4.1(x) of the Disclosure Letter;
- (y) *Change in Law:* neither ZC nor any one of the ZC Subsidiaries is aware of any pending or contemplated change to any applicable Law or governmental position that would materially

affect the business of ZC or the ZC Subsidiaries taken as a whole or the legal environments under which ZC and the ZC Subsidiaries operate;

- (z) *Untrue Statements:* no representation, warranty or statement of ZC in this Agreement contains or will contain at the Effective Date any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements contained herein or therein, in light of the circumstances under which made, not misleading;
- (aa) *Bankruptcy, Insolvency and Reorganization:* neither ZC nor any one of the ZC Subsidiaries have made an assignment in favour of its creditors nor a proposal in bankruptcy to its creditors or any class thereof nor had any petition for a receiving order presented in respect of it. Neither ZC nor any one of the ZC Subsidiaries has initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver has been appointed in respect of ZC or ZC Subsidiaries or any of its property or assets and no execution or distress has been levied upon any of its property or assets. No act or proceeding has been taken or authorized by or against ZC or ZC Subsidiaries with respect to any amalgamation, merger, consolidation, arrangement or reorganization of, or relating to, ZC or ZC Subsidiaries, nor have any such proceedings been authorized by any other Person;
- (bb) *Corporate Records:* the minute books, register of shareholders and register of directors of ZC and ZC Subsidiaries have been maintained in accordance with applicable Law and are complete and accurate in all material respects. There are no outstanding applications or filings which would alter in any way the constituent documents or corporate status of ZC or ZC Subsidiaries. No resolutions or by-laws have been passed, enacted, consented to or adopted by the directors or shareholders or shareholder of ZC or ZC Subsidiaries, except as are contained in the minute books of ZC and ZC Subsidiaries respectively;
- (cc) *Financial Statements:* true and complete copies of the ZC Financial Statements have been made available to 131. ZC Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods to which they relate, subject, in the case of the interim financial statements forming part of the ZC Financial Statements, to usual year-end adjustments. The balance sheets contained in the ZC Financial Statements fairly present the financial position of ZC as of the dates thereof and the statements of comprehensive income contained in the ZC Financial Statements fairly present the revenues, earnings and results of operations for the periods indicated, but remain subject to audit and related adjustments. The ZC Financial Statements are accurate and complete in all material respects and are based upon, and are consistent with, ZC's financial records, but remain subject to audit and related adjustments;
- (dd) *Real Property:* neither ZC nor any one of the ZC Subsidiaries own any real property. Section 4.1(dd) of the Disclosure Letter contains a list of all of the lease documents under which ZC or any of ZC Subsidiaries is the lessee of real property. Neither ZC nor any one of the ZC Subsidiaries has been given notice of any default under any lease and none of the parties to any such lease is in material default thereunder. There are no arrears of rent under any lease nor are there any disputes between the parties thereto. ZC and ZC Subsidiaries, as applicable, has full right and power to occupy or possess, as the case may be, all the property covered by each such lease;
- (ee) *Internal Controls.* ZC has established proper and adequate internal accounting controls which provide assurance that (i) transactions are recorded as necessary to permit preparation of the financial statements of ZC and to maintain accountability for the assets of ZC and ZC Subsidiaries; and (ii) accounts, notes and other receivables and inventory are recorded properly and adequate procedures are implemented to affect the collection thereof on a current and timely basis;

- (ff) *Anti-Money Laundering.* The operations of ZC are and have been conducted, at all times, in material compliance with all applicable financial recordkeeping and reporting requirements of applicable anti-money laundering statutes of the jurisdictions in which ZC conducts business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority (collectively, the “**Anti-Money Laundering Laws**”), and no action, suit or proceeding by or before any court or Governmental Authority, authority or body or any arbitrator involving ZC with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of ZC, threatened;
- (gg) *Anti-Corruption;* To the knowledge of ZC and ZC Subsidiaries, ZC and ZC Subsidiaries have not, directly or indirectly: (A) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any Governmental Authority; or (B) made any contribution to any candidate for public office, in either case where either the payment or the purpose of such contribution, payment or gift was, is or would be prohibited under applicable Laws;
- (hh) *Privacy:* Neither ZC nor ZC Subsidiaries have collected, processed, transferred or stored any personally identifiable information or personal data of any third parties except in compliance with applicable law, including the Protection of Privacy Law, 1981 and the General Data Protection Regulation (EU) 2016/679. To ZC’s knowledge, ZC and ZC Subsidiaries have complied with applicable legal requirements relating to the use, processing, collection, storage, registration of databases, disclosure and transfer of any personally identifiable information or personal data collected by ZC and ZC Subsidiaries or, to ZC’s knowledge, by third parties having authorized access to the records of ZC or ZC Subsidiaries;
- (ii) *Forward-Looking Information.* All forward-looking information and statements relating to ZC and ZC Subsidiaries that will be contained in the written investor presentation to be delivered by ZC to investors under the Concurrent Financing (the “**Investor Presentation**”), if any, and that will be contained in the Filing Statement or any other disclosure document and the material assumptions underlying such information and statements, subject to any qualifications contained therein, are or will be reasonable in all material respects, in ZC’s judgement, in light of the circumstances under which made, as at the date on which such statements and assumptions were or are made;
- (jj) *Investor Presentation:* To the Knowledge of ZC, the Investor Presentation, if any, will not, as at the date it will be delivered by ZC or ZC Subsidiaries to potential subscribers under the Concurrent Financing, contain any Misrepresentation with respect to ZC or ZC Subsidiaries under applicable Canadian securities laws;
- (kk) *Market Data:* Any market, industry and economic related data that may be included in the Investor Presentation, if any, and in the Filing Statement or any other disclosure documents in connection with the Business Combination is derived from sources which ZC believes, without independent investigation, to be reasonable and reliable, and such data is or will be consistent in all material respects with the sources from which it was derived;
- (ll) *Disclosure:* No representation, warranty or statement of ZC or ZC Subsidiaries in this Agreement contains or will contain at the Closing, and no representation, warranty or statement of ZC or ZC Subsidiaries in the Filing Statement or any other disclosure document, will contain at the time of filing thereof, any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements contained herein or therein, in light of the circumstances under which made, not misleading.

The representations and warranties of ZC and ZC Subsidiaries contained in this Agreement shall survive Closing and, notwithstanding Closing or any documents delivered or investigations made in connection therewith, shall continue in full force and effect for the benefit of 131 for a period of two (2) years from the Closing Date, with the exception that any claim based upon intentional Misrepresentation, fraud or willful misconduct may be brought at any time.

4.2 Representations and Warranties of 131

131 hereby represents and warrants to ZC, and acknowledges that ZC is relying upon these representations and warranties in connection with the entering into of this Agreement, as follows:

- (a) 131 has been duly incorporated and is validly existing under the laws of the Province of British Columbia and is current and up-to-date with all filings required to be made by it in such jurisdiction;
- (b) 131 has full corporate power, capacity and authority to undertake all steps of the Business Combination contemplated in the Documents and to carry out its obligations under this Agreement;
- (c) the authorized capital of 131 consists of an unlimited number of 131 Shares, of which 36 131 Shares are currently issued and outstanding prior to giving effect to the 131 Share Split; except for such 131 Shares, 131 has no other securities outstanding nor is it a party to or has granted any agreement, warrant, option or right or privilege capable of becoming an agreement, for the purchase, subscription or issuance of any 131 Shares from treasury or securities convertible into or exchangeable for 131 Shares;
- (d) on the Effective Date, the Resulting Issuer Shares will be duly and validly issued and outstanding as fully paid and non-assessable and the Resulting Issuer Convertible Securities will be duly and validly created and issued;
- (e) since its inception, and with the exception, the agreements to effect the Business Combination and the Financing or as otherwise disclosed in the public record of 131, 131 has not entered into any contract in respect of its business or assets, other than in the ordinary course of business, and has continued to carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Business Combination, and without limitation but subject to the above exceptions, has maintained payables and other liabilities at levels consistent with past practice, not engaged or committed to engage in any extraordinary material transactions and has not made or committed to make distributions, dividends or special bonuses;
- (f) The 131 Shares are not currently listed and posted for trading on the Exchange;
- (g) 131 is a reporting issuer, or the equivalent thereof, in the provinces of British Columbia and Alberta (collectively the “**Reporting Jurisdiction**”) and is not currently in default of any requirement of the applicable laws of each of the Reporting Jurisdictions and other regulatory instruments of the Securities Authorities in such provinces, and no order ceasing, halting or suspending trading in securities of 131 or prohibiting the distribution of such securities has been issued to and is outstanding against 131 and no investigations or proceedings for such purposes are, to the knowledge of 131, pending or threatened;
- (h) 131 is in compliance in all material respects with all its disclosure obligations under applicable Laws and all documents filed by 131 pursuant to such obligations are in compliance in all material respects with applicable Laws and, other than in respect of documents that have been

amended or refiled did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

- (i) 131 has no associates (as defined in the *Securities Act* (British Columbia)), other than the 131 Subsidiaries, and is not a partner, co-tenant, joint venturer or otherwise a participant in any partnership, joint venture, co-tenancy or other similarly joint owned business;
- (j) 131 has all requisite corporate capacity, power and authority, and possesses all material certificates, authority, permits and licenses issued by the appropriate state, provincial, municipal or federal regulatory agencies or bodies necessary to conduct the business as now conducted by it and to own its assets and is in compliance in all material respects with such certificates, authorities, permits or licenses. 131 is not in receipt of any notice of proceedings relating to the revocation or modification of any such certificate, authority, permit or license which, singly or in the aggregate, if the subject of an unfavourable decision, order, finding or ruling, would materially and adversely affect the conduct of the business, operations, financial condition, income or future prospects of 131;
- (k) each of the Documents has been, or at the Effective Date will be, duly authorized and, with respect to this Agreement, executed and delivered by 131 and constitutes a valid and binding obligation of 131 enforceable in accordance with its terms (subject to such limitations and prohibitions as may exist or may be enacted in applicable laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally) and no other corporate proceeding on the part of 131, other than the approval of the matters for which shareholder approval is to be sought at the 131 Meeting in accordance with this Agreement, is necessary to authorize this Agreement and the transactions contemplated hereby;
- (l) the entering into and the performance by 131 of the transactions contemplated in the Documents:
 - (i) do not require any consent, approval, authorization or order of any court or governmental agency or body, except that which may be required under applicable corporate and securities legislation and the policies of the Exchange;
 - (ii) will not contravene any statute or regulation of any Government Authority which is binding on 131 where such contravention would have a Material Adverse Effect; and
 - (iii) subject to 131 public disclosure, will not result in the breach of, or be in conflict with, or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under any term or provision of the constating documents, by-laws or resolutions of 131 or any mortgage, note, indenture, contract or agreement, instrument, lease or other document to which 131 is or will be a party, or any judgment, decree or order or any term or provision thereof, which breach, conflict or default would have a Material Adverse Effect;
- (m) there are no actions, suits, proceedings, grievances, arbitrations, or investigations, audits other alternative dispute resolution processes in progress, pending or, to the knowledge of 131, contemplated or threatened, to which 131 is a party or to which the property of 131 is subject, and, to the knowledge of 131, there is no basis for any such action, suit, claim, proceeding, grievance, arbitration, investigation, or audit. There is not currently outstanding against 131 any judgment, injunction, rule, decree or order of any Government Authority;

- (n) the audited consolidated annual financial statements of 131 for the years ended July 31, 2023 and 2022 and the notes thereto (collectively, the “**131 Financial Statements**”), as filed on SEDAR+, in each case, have been prepared in accordance with IFRS, present fairly, in all material respects, the financial position of 131 as at such date, and do not omit to state any material fact that is required by IFRS or by applicable law to be stated or reflected therein or which is necessary to make the statements contained therein not misleading;
- (o) neither 131 nor any one of the 131 Subsidiaries has any outstanding material liability, whether direct, indirect, absolute or contingent or otherwise, which is not reflected in the 131 Financial Statements;
- (p) except as disclosed to ZC in 131 Disclosure Letter and as will be disclosed in the Filing Statement or another disclosure document, 131 is not party to any material contract as of the date hereof;
- (q) From the date of the most recent 131 Financial Statements to the date of this Agreement, there has not been any adoption or amendment in any material respect by 131 of any bonus, pension, profit sharing, deferred compensation, incentive compensation, stock ownership, stock purchase, stock option, phantom stock, retirement, vacation, severance, disability, death benefit, hospitalization, medical or other plan, arrangement or understanding (whether or not legally binding) providing benefits to any current or former employee, officer or director of 131. As of the date of this Agreement there are not any employment, consulting, indemnification, severance or termination agreements or arrangements between 131 and any current or former employee, officer or director thereof, nor does 131 have any general severance plan or policy.
- (r) except as disclosed in the 131 Financial Statements, 131 has not engaged in any transaction with any non-arm’s length person since the beginning of the period covered by the 131 Financial Statements;
- (s) all Taxes due and payable by 131 have been paid or provision made therefor in the financial statements of 131 except for where the failure to pay such Taxes would not result in a Material Adverse Effect for 131. All tax returns, declarations, remittances and filings required to be filed by 131 have been filed with all appropriate Government Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. To the knowledge of 131, no examination of any tax return of 131 is currently in progress and there are no issues or disputes outstanding with any Government Authority respecting any Taxes that have been paid, or may be payable, by 131. There are no agreements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to 131;
- (t) there is no person, firm or company acting or purporting to act at the request of 131 who is entitled to any brokerage or finder’s fee in connection with the transactions contemplated in the Documents;
- (u) 131 carries on no active business as of the date of this Agreement;
- (v) other than any non-compliance which would not result in a Material Adverse Effect in respect of 131, to the knowledge of 131, after due inquiry all activities of 131 have been, up to and including the date hereof, conducted in compliance, in all material respects, with any and all Applicable Laws;
- (w) 131 is not bound by or a party to any employment contracts. No current or former director, officer, shareholder, employee or independent contractor of 131 or any person not dealing at

arm's length within the meaning of the *Income Tax Act* (Canada) with any such person is indebted to 131;

- (x) there is not, in the constating documents or in any agreement, mortgage, note, debenture, indenture or other instrument or document to which 131 is a party any restriction upon or impediment to, the declaration or payment of dividends by the directors of 131 or the payment of dividends by 131 to the holders of its securities;
- (y) 131 is not a party to any Debt Instrument or any agreement, contract or commitment to create, assume or issue any Debt Instrument;
- (z) 131 is not a party to or bound or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of 131 to compete in any line of business, or to transfer or move any of its assets or operations or which materially or adversely affects the business practices, operations or condition of 131 or which would prohibit or restrict 131 from entering into and completing the Business Combination;
- (aa) 131 is not a party to any agreement nor is 131 aware of any agreement other than those disclosed in its SEDAR+ public record, which in any manner affects the voting control of any of the securities of 131;
- (bb) 131 is not aware of any pending or contemplated change to any applicable Law or governmental position that would materially affect the business of 131;
- (cc) the corporate records and minute books of 131 contain, in all material respects, complete and accurate minutes of all meetings of the directors and shareholders since its date of incorporation, together with the full text of all resolutions of directors and shareholders passed in lieu of such meetings, duly signed;
- (dd) no representation, warranty or statement of 31 or Subco in the Documents contains or will contain at the Effective Date any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements contained herein or therein, in light of the circumstances under which made, not misleading; and
- (ee) 131 does not maintain any insurance.

The representations and warranties of 131 contained in this Agreement shall survive Closing and, notwithstanding Closing or any documents delivered or investigations made in connection therewith, shall continue in full force and effect for the benefit of ZC for a period of two (2) years from the Closing Date, with the exception that any claim based upon intentional Misrepresentation, fraud or willful misconduct may be brought at any time.

ARTICLE 5 COVENANTS

5.1 Conduct of Business by the Parties

Except as required by Law or is otherwise expressly permitted or specifically contemplated by this Agreement, each Party covenants and agrees that, during the period from the date of this Agreement until the earlier of either the Effective Date or the time that this Agreement is terminated by its terms, unless each of the other Parties shall otherwise agree in writing it shall, and shall cause its Subsidiaries to conduct business in, and not take any action except in, the usual and ordinary course of business, with the exception of reasonable costs incurred in connection with the Business Combination, and it shall and shall cause its Subsidiaries to use all

commercially reasonable efforts to maintain and preserve its business organization, assets, employees and advantageous business relationships and it shall not, and shall cause its Subsidiaries to not, without the prior written consent of the other Parties, enter into any contract in respect of its business or assets, other than in the ordinary course of business, and without limitation but subject to the foregoing, shall maintain payables and other liabilities at levels consistent with past practice, shall not engage or commit to engage in any extraordinary material transactions and shall not make or commit to make distributions, dividends or special bonuses, without the prior written consent of the other Parties.

Any press release or other statement or public announcement with respect to this Agreement or the Business Combination shall be approved by 131 and ZC with respect to the content and the manner of that disclosure. If disclosure is required by law or the policies of the Exchange, the disclosing Party shall attempt in good faith to obtain the other Party's prior approval to the content and the manner of that disclosure.

5.2 Representations and Warranties

- (a) ZC covenants and agrees that from the date hereof until the termination of this Agreement it shall not take any action, or fail to take any action, which would or may reasonably be expected to result in the representations and warranties set out in Section 4.1 being untrue in any material respect.
- (b) 131 covenants and agrees that, from the date hereof until the termination of this Agreement it shall not take any action, or fail to take any action, which would or may reasonably be expected to result in the representations and warranties set out in Section 4.2 being untrue in any material respect.

5.3 Notice of Material Change

- (a) From the date hereof until the termination of this Agreement, each Party shall promptly notify the other Party in writing of:
 - (i) any material change (actual, anticipated, contemplated or, to the knowledge of such Party or any of its Subsidiaries, threatened, financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of such Party and its Subsidiaries, taken as whole;
 - (ii) any change in the facts relating to any representation or warranty set out in Sections 4.1 or 4.2 hereof, as applicable, which change is or may be of such a nature as to render any such representation or warranty misleading or untrue in a material respect; or
 - (iii) any material fact which arises and which would have been required to be stated herein had the fact arisen on or prior to the date of this Agreement.
- (b) Each of the Parties shall in good faith discuss with the other any change in circumstances (actual, anticipated, contemplated or, to its knowledge of its or any of its Subsidiaries, threatened, financial or otherwise) which is of such a nature that there may be a reasonable question as to whether notice need to be given to the other pursuant to this Section.

5.4 Non-Solicitation

- (a) None of the Parties shall solicit any offers to purchase their respective shares or assets, or any portion above 5% thereof, and neither of 131 nor ZC will, directly or indirectly, initiate, enter

into or encourage any discussions or negotiations with any third party with respect to such a transaction or amalgamation, merger, take-over, plan of arrangement or similar transaction or a Going Public Transaction other than for this Business Combination during the period commencing on the date hereof and ending on the termination of this Agreement. The Parties shall immediately cease and cause to be terminated any existing discussions or negotiations with any third party related to any of the foregoing. In the event any of the Parties is approached in respect of any such transaction, it shall immediately notify the other.

- (b) Notwithstanding this Section 5.4 and any other provision of this Agreement, any ZC Shareholder shall, for greater certainty, have the right to sell, transfer and assign its ZC Shares to any other ZC Shareholder or to any officer and/or director of ZC subject to any applicable Laws.

5.5 Negative Covenants

Each Party agrees that, from the date hereof until the earlier of the termination of this Agreement and the completion of this Business Combination, it shall not directly or indirectly do or permit to occur any of the following:

- (a) issue, grant, sell or pledge or agree to issue, grant, sell or pledge any shares, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire shares other than in connection with the (i) Financing, (ii) exercising the ZC Convertible Securities, or (iii) upon notice to 131, grant ZC Options under the ZC Plan, which constitute the unallocated ZC Option as shall be from time to time, that shall not exceed 20% of the Resulting Issuer Shares to be issued and outstanding upon completion of the Business Combination;
- (b) redeem, purchase or otherwise acquire any of its outstanding shares or other securities including, without limitation, under an issuer bid;
- (c) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of itself or any of its Subsidiaries, except as contemplated in this Agreement;
- (d) borrow any cash or incur any indebtedness, except as expressly contemplated by this Agreement or with the prior written consent of the other Parties and, in the case of ZC, ZC shall be permitted, without any prior consent of the other Parties, to: (A) incur trade payables in the ordinary course; and (B) borrow amounts not to exceed \$100,000 in the aggregate. In the event ZC requires to borrow an amount in excess of \$100,000 (in the aggregate), ZC shall obtain the prior written consent of the other Parties, which consent shall not be unreasonably withheld;
- (e) make loans, advances or other similar payments to any third party except as expressly contemplated by this Agreement and, in the case of ZC, ZC shall be permitted to (A) make routine advances to ZC employees for expenses incurred in the ordinary course; or (B) as consented to by the other Parties, which consent shall not be unreasonably withheld;
- (f) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its shares owned by any Person other than inter-corporate loans and advances;
- (g) amend its Governing Documents or otherwise split, combine or reclassify any of its shares in any manner which may adversely affect the success of the Business Combination, except as required to give effect to the matters contemplated in this Agreement;

- (h) enter into any transaction or material contract, except in the ordinary course of business and engage in any business enterprise or activity different from that carried on as of the date hereof, without the prior written consent of the other Parties, which consent shall not be unreasonably withheld; and
- (i) in the case of 131 and Subco, make any expenditures except those that are reasonably necessary to carry out the terms of this Agreement.

5.6 Support of Business Combination

- (a) Each Party covenants and agrees that it shall:
 - (i) use its reasonable commercial efforts to cause its shareholders to vote their respective shares in favour of the Business Combination and all of the matters contemplated thereunder, to take all reasonable actions to consummate the Business Combination and the transactions contemplated thereunder, subject only to the terms and conditions hereof and to not take any action contrary to or in opposition to the Business Combination, except as required by statutory law;
 - (ii) use all commercially reasonable efforts to obtain all appropriate Regulatory Approvals;
 - (iii) not, other than in connection with the Business Combination, reorganize, amalgamate or merge with any other person, nor acquire by amalgamating, merging or consolidating with, purchasing a majority of the voting securities or substantially all of the assets of or otherwise, any business or Person which acquisition or other transaction would reasonably be expected to prevent or materially delay the Business Combination contemplated hereby; and
 - (iv) co-operate fully with the other Parties and to use all reasonable commercial efforts to otherwise complete the Business Combination, unless such cooperation and efforts would subject such Party to liability or would be in breach of applicable Laws.
- (b) ZC covenants and agrees that it shall to use its reasonable commercial efforts to cause each director and officer of ZC (subject to “**superior proposal**” carve outs), and each ZC Shareholder holding 10% or more of all issued and outstanding ZC Shares, to enter into a customary lock-up agreement in form and substance acceptable to 131 (acting reasonably) pursuant to which such Person shall agree (i) to vote all ZC Shares held by such Person in favour of the Business Combination and the Merger; (ii) to comply with any escrow provisions imposed by the Exchange and in accordance with Section 2.1(j); and (iii) not to sell, offer to sell, secure, transfer or otherwise dispose of any ZC Shares which such Person may hold until the earlier of (i) the completion of the Business Combination; and (ii) the termination of this Agreement.
- (c) 131 covenants and agrees that it shall to use its reasonable commercial efforts to cause each director and officer of 131 (subject to “**superior proposal**” carve outs), and each 131 Shareholder holding 10% or more of all issued and outstanding ZC Shares, to enter into a customary lock-up agreement in form and substance acceptable to 131 (acting reasonably) pursuant to which such Person shall agree (i) to vote all 131 Shares held by such Person in favour of the Business Combination and the Merger; (ii) to comply with any escrow provisions imposed by the Exchange and in accordance with Section 2.1(j); and (iii) not to sell, offer to sell, secure, transfer or otherwise dispose of any 131 Shares which such Person may hold until the earlier of (i) the completion of the Business Combination; and (ii) the termination of this Agreement.

5.7 Other Filings

131 and ZC (each a **“Disclosing Party”**) will promptly cooperate in the preparation and filing of any documents, filings and applications and taking of all actions reasonably deemed by either 131 or ZC to be necessary to discharge their respective obligations under applicable Laws in connection with the Business Combination and all other matters contemplated in this Agreement, and in connection therewith:

- (a) each Disclosing Party will furnish to the other Disclosing Party (the **“Receiving Party”**) all such information concerning the Disclosing Party and its securityholders as may be required to effect the actions described in this Section 5.7, and each Disclosing Party covenants that no information furnished by it in connection with such actions or otherwise in connection with the consummation of the Business Combination will, to its knowledge, contain any untrue statement of a material fact or omit to state a material fact required to be stated in any such document or necessary in order to make any information so furnished for use in any such document not misleading in the light of the circumstances in which it is furnished or to be used;
- (b) each Disclosing Party will promptly notify the Receiving Party if at any time before the Closing Time the Disclosing Party becomes aware that the Filing Statement or another disclosure document contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to such disclosure document. In any such event, 131 and ZC will cooperate in the preparation of a supplement or amendment to the Filing Statement or another disclosure document, as required and as the case may be, and, if required, will cause the same to be filed with the applicable Governmental Authorities;
- (c) each Disclosing Party will ensure that the Filing Statement and other disclosure documents comply with all applicable Laws and, without limiting the generality of the foregoing, that such disclosure documents do not contain any untrue statement of a material fact or omit to state a material fact with respect to itself required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made; and
- (d) each Disclosing Party will indemnify and save harmless the Receiving Party and its directors, officers and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which the Receiving Party, or any director, officer or agent thereof, may be subject or which the Receiving Party, or any director, officer or agent thereof, may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of any Misrepresentation or alleged Misrepresentation in information with respect to the Disclosing Party contained or incorporated by reference in the Filing Statement or other disclosure documents.

5.8 Additional Agreements

Subject to the terms and conditions of this Agreement and subject to fiduciary obligations under applicable Laws, each of the Parties hereto agrees to use all commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the Business Combination contemplated by this Agreement and to cooperate with each other in connection with the foregoing, including using commercially reasonable efforts:

- (a) to obtain all necessary waivers, consents and approvals from other Parties to material agreements, leases and other contracts or agreements;

- (b) to defend all lawsuits or other legal proceedings challenging this Agreement or the consummation of the Business Combination contemplated hereby;
- (c) to cause to be lifted or rescinded any injunction or restraining order or other order adversely affecting the ability of the Parties to consummate the Business Combination contemplated hereby;
- (d) to effect all necessary registrations and other filings and submissions of information requested by the Exchange;
- (e) to effect all necessary registrations and other filings and submissions of information requested by Government Authorities; and
- (f) to fulfill all conditions and satisfy all provisions of this Agreement.

For purposes of the foregoing, the obligation to use “**commercially reasonable efforts**” to obtain waivers, consents and approvals to loan agreements, leases and other contracts shall not include any obligation to agree to a materially adverse modification of the terms of such documents or to prepay or incur additional material obligations to such other Parties.

5.9 Due Diligence

131 and ZC shall be entitled from the date of execution of this Agreement until the Closing Date to carry out, at its own expense, a complete inspection and review of the business, affairs, properties and records of the other party, and will provide to the other party and its representatives and advisors with full and complete access to all books, records, files, documents, properties and personnel of such party and its Subsidiaries along with its auditors, accountants, experts and advisors prior to the Closing Time as requested by 131 or ZC, as applicable, in order that such party may satisfy itself as to all matters relating to the business, assets, properties operations and liabilities of the other party and its Subsidiaries and to determine the accuracy of the matters set forth herein.

ARTICLE 6 CONDITIONS AND CLOSING MATTERS

6.1 Mutual Conditions Precedent

The respective obligations of the Parties hereto to complete each step of the Business Combination contemplated by this Agreement shall be subject to the satisfaction, on or before the Effective Date, of the following conditions precedent, each of which may be waived only by the mutual consent of the Parties:

- (a) all requisite shareholder approvals of each of ZC, 131 and Subco shall have been obtained;
- (b) ZC and applicable ZC Holders will have received an interim tax-ruling from the ITA, which is satisfactory in form and substance to 131, according to which the Merger shall be confirmed as a merger by way of share exchange in accordance with either the provisions of: (i) Section 103t of the Tax Ordinance, or, in the event that the 103t ruling is not practical, (ii) a Ruling issued in accordance with Section 104h of the Tax Ordinance. For the avoidance of doubt, in the event that a permanent Ruling is not provided within 180 days as of the Effective Date or as otherwise determined by the ITA, the Israeli Trustee shall be entitled to withhold taxes in accordance with the provisions of this Agreement. For the avoidance of doubt, the withholding shall be effected with regards to each ZC Holder to whom such withholding is due, by the sale of the applicable portion of Resulting Issuer Shares held for the benefit of such ZC Holder by the Israeli Trustee, in order to raise sufficient funds for the Israeli Trustee to pay the withholding tax to the ITA, as required under the Tax Ordinance, all unless such ZC Holder pays the Israeli Trustee an amount

sufficient for the Israeli Trustee to pay the respective withholding tax due (the “**Withholding Payment Alternative**”). For the avoidance of doubt, in the event that the Israeli Trustee is unable to sell the required amount of Resulting Issuer Shares in order to raise sufficient funds to pay withholding taxes concerning a given ZC Holder, for any reason whatsoever, such ZC Holder will be deemed to automatically choose the Withholding Payment Alternative, all subject to the trust agreement to be entered into with the Israeli Trustee. All ZC Shares and ZC Convertible Securities and/or, to the extent the Ruling shall require, any Resulting Issuer Shares and Resulting Issuer Convertible Securities attributable to ZC Holders which are part of the applicable Ruling, shall be subject to the terms and conditions specified under such Ruling. ZC will provide 131 counsel the language of the Ruling, prior to their submission, for its review and comments and inform 131 of progress made with respect to meetings and discussions with the ITA with respect to the Ruling. Furthermore, 131 shall have the right to review and comment on the language of the Rulings and ZC shall adequately address such comments and revise the language if deemed necessary and ZC may allow, if deemed necessary by ZC, 131’s counsel to attend in meetings and participate in such discussions with the ITA. The counsel of ZC shall provide 131’s counsel with an update of meetings and discussions held with the ITA with respect to the Ruling, within reasonable time and to the extent deemed necessary by ZC’s counsel;

- (c) All ZC Shareholders who are not Israeli residents shall have received a Withholding Certificate and shall have presented it to the Israeli Trustee;
- (d) 131 will have received an approval from the Israeli Securities Authority (“ISA”) or competent court to issue and grant the Resulting Issuer Shares and Resulting Issuer Convertible Securities to the securities holders of ZC not through publishing a prospectus in the State of Israel;
- (e) ZC and Subco shall have executed and delivered the Merger Proposal to the Israeli Registrar of Companies and a Certificate of Merger shall have been issued by the Israeli Registrar of Companies in respect of the Merger;
- (f) ZC and 131 shall have received all respective regulatory, corporate, shareholder (including Disinterested Shareholder Approval) and third party approvals necessary to complete the Business Combination, including the Financings, and listing of 131 shares on the Exchange; and;
- (g) there shall have been no action taken under any applicable Law or by any Government Authority and there shall not be in force any order or decree restraining or enjoining the consummation of the Business Combination;
- (h) all corporate and Regulatory Approvals shall have been obtained including, without limitation, approval of the Israeli Registrar of Companies for the Merger or alternatively Israeli competent court order, whichever comes first;
- (i) such escrow agreements as may be required by the Exchange pursuant to the Business Combination will have been entered into;
- (j) each Party shall have provided the other Party with such other customary certificates, corporate opinions and other closing documents as may be required by the other Party, acting reasonably;
- (k) each Party shall not have entered into any transaction or contract which would have a Material Adverse Effect on the financial and operational condition, or the assets of such Party, excluding those transactions or contracts undertaken in the ordinary course of business, without first discussing and obtaining the approval of the other Party;

- (l) the representations and warranties of ZC in Section 4.1, those of 131 in Section 4.2 and those of Subco in section 4.3 shall be true and correct in all material respects (except that those representations and warranties that are already qualified by a materiality qualifier or a dollar threshold shall be true and correct in all respects) as at the Closing Time as though made at the Closing Time (other than such representations and warranties that are expressly made as of an earlier date, in which case such representations and warranties shall have been true and correct as of such earlier date) and each Party shall have executed and delivered to other Parties an officer's certificate to that effect with respect to the representations and warranties of such Parties; and
- (m) this Agreement shall not have been terminated pursuant to Article 7.

If any of the above conditions shall not have been complied with or waived by the Parties on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then a Party may terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by the Party terminating the Agreement. In the event that the failure to satisfy any one or more of the above conditions precedent results from a material default by a Party of its obligations under this Agreement and if such condition(s) precedent would have been satisfied but for such default, such defaulting Party shall not rely on such failure (to satisfy one or more of the above conditions) as a basis for its own non-compliance with its obligations under this Agreement.

6.2 Additional Conditions Precedent to the Obligations of ZC

The obligations of ZC to complete the Business Combination contemplated by this Agreement shall also be subject to the satisfaction, on or before the Effective Date, of each of the following conditions precedent (each of which is for the exclusive benefit of ZC and may be waived by ZC and any one or more of which, if not satisfied or waived, will relieve ZC of any obligation under this Agreement):

- (a) on or prior to the Effective Date, and effective upon completion of the Merger, the resigning directors and officers of 131 shall have tendered their resignations, and provided releases in a form acceptable to ZC and the board of directors of 131, subject to the approval of the Exchange, shall have been reconstituted, and the officers shall have been appointed, as set forth in Section 2.1(i);
- (b) the Exchange has issued a conditional listing clearance to all 131 Shares to be issued to the ZC Holders and holder of all securities issued under the Financing.
- (c) no Material Adverse Effect with respect to 131 shall have occurred between the date hereof and the Effective Date;
- (d) 131 shall not have breached, or failed to comply with, in any material respect, any of its covenants or other obligations under this Agreement, and all representations and warranties of 131 contained in this Agreement shall have been true and correct in all material respects as of the 131 of this Agreement and shall not have ceased to be true and correct in any material respect thereafter (provided, however, that if the breaching Party has been given written notice by the other Party specifying in reasonable detail any such Misrepresentation, breach or non-performance, the breaching Party shall have had ten (10) Business Days to cure such Misrepresentation, breach or non-performance), and the CFO of 131 or another officer satisfactory to ZC shall so certify immediately prior to the Effective Date;
- (e) the board of directors and shareholders of 131, and the board of directors and sole shareholder of Subco, as applicable, shall have adopted all necessary resolutions and all other necessary

corporate actions shall have been taken by 131 to permit the consummation of the Business Combination and the transactions contemplated therewith; and

- (f) 131 shall have completed the 131 Share Split and the Name Change to the satisfaction of ZC, acting reasonably.
- (g) No action, suit or proceeding shall have been instituted before any court or governmental or regulatory body or instituted or threatened by any governmental or regulatory body to restrain, modify or prevent the carrying out of the Business Combination or to seek damages or a discovery order against 131 in connection with such Transactions, or which has or may have, in the reasonable opinion of ZC, a materially adverse effect on the assets, properties, business, operations or condition (financial or otherwise) of 131 or ZC.

If any of the above conditions shall not have been complied with or waived by ZC on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to the cure provision provided for in Section 6.2(d), ZC may terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by ZC. In the event that the failure to satisfy any one or more of the above conditions precedent results from a material default by ZC of its obligations under this Agreement and if such condition(s) precedent would have been satisfied but for such default, ZC shall not rely on such failure (to satisfy one or more of the above conditions) as a basis for its own noncompliance with its obligations under this Agreement.

6.3 Additional Conditions Precedent to the Obligations of 131

The obligations of 131 to complete each step of the Business Combination contemplated by this Agreement shall also be subject to the satisfaction, on or before the Effective Date, of each of the following conditions precedent (each of which is for the exclusive benefit of 131 and may be waived by 131 and any one or more of which, if not satisfied or waived, will relieve 131 of any obligation under this Agreement):

- (a) ZC shall have prepared the ZC Financial Statements;
- (b) no Material Adverse Effect with respect to ZC or the ZC Subsidiaries taken as a whole shall have occurred between the date hereof and the Effective Date;
- (c) ZC shall not have breached, or failed to comply with, in any material respect, any of its covenants or other obligations under this Agreement, and all representations and warranties of ZC contained in this Agreement shall have been true and correct in all material respects as of the date of this Agreement and shall not have ceased to be true and correct in any material respect thereafter (provided, however, that if the breaching Party has been given written notice by the other Party specifying in reasonable detail any such Misrepresentation, breach or non-performance, the breaching Party shall have had ten (10) Business Days to cure such Misrepresentation, breach or non-performance), and the CEO of ZC or another officer satisfactory to 131 shall so certify immediately prior to the Effective Date;
- (d) there being no issued and outstanding ZC Shares or ZC Convertible Securities immediately prior to the Closing that are not disclosed or otherwise contemplated in this Agreement, including the securities issued pursuant to the Financings; and
- (e) the board of directors of ZC and the ZC Shareholders shall have adopted all necessary resolutions and all other necessary corporate actions shall have been taken by ZC to permit the consummation of the Business Combination and the transactions contemplated therewith.

If any of the above conditions shall not have been complied with or waived by 131 on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to the cure provision provided for in Section 6.3(c), 131 may terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by 131 or Subco. In the event that the failure to satisfy any one or more of the above conditions precedent results from a material default by 131 or Subco of its obligations under this Agreement and if such condition(s) precedent would have been satisfied but for such default, neither 131 nor Subco shall rely on such failure (to satisfy one or more of the above conditions) as a basis for its own noncompliance with its obligations under this Agreement.

6.4 Closing Matters

The completion of the transactions contemplated under this Agreement shall be effected via electronic exchange or at the offices of ZC Canadian counsel, Tanya Markovich Law Corporation, at 11:00 a.m. (Vancouver time) on the Effective Date or such other place as may be agreed orally or in writing by ZC and 131.

ARTICLE 7 TERMINATION AND AMENDMENT

7.1 Termination

This Agreement may be terminated by written notice promptly given to the other Party hereto, at any time prior to the Effective Date:

- (a) by mutual agreement in writing by the Parties;
- (b) by either 131 or ZC upon written notice to the other in the event that the Closing has not occurred on or before 5:00 p.m. (Vancouver time) on September 30, 2024 or such other date as 131 and ZC may agree in writing (such date, the “**Completion Deadline**”); or
- (c) as set forth in Sections 6.1, 6.2 and 6.3 of this Agreement.

7.2 Effect of Termination

In the event of the termination of this Agreement as provided in Section 7.1 hereof, this Agreement shall forthwith have no further force or effect and there shall be no obligation on the part of 131 or ZC hereunder except as set forth in Section 7.3 hereof and this Section 7.2, which provisions shall survive the termination of this Agreement. Nothing herein shall relieve any Party from liability for any breach of this Agreement.

7.3 Expenses and Break Fees

- (a) Subject to Section 7.3(a) and Section **Error! Reference source not found.**below, each Party shall pay each party’s costs and expenses (including all legal, accounting and financial advisory fees and expenses) incurred in connection with the completion of the Business Combination, including without limitation, expenses related to the preparation, execution and delivery of all agreements including, without limitation, this Agreement and other documents referenced herein, including, without limitation, all costs and fees associated with the preparation of the Filing Statement and other disclosure documents as may be required by the Exchange, other than costs and fees payable to the Exchange and other Government Authorities in connection with its review of the Business Combination and listing fees incurred or to be incurred in connection with the completion of the Business Combination which shall be borne by ZC, as well as legal, audit, and ancillary fees of up to \$25,000 (plus applicable taxes) incurred by 131 in connection with the Business Combination, which ZC will pay on behalf of 131.

- (b) In the event that an independent valuation of ZC is required in connection with the Business Combination pursuant to the regulations of the Exchange, the costs and fees associated with such valuation shall be borne by ZC.
- (c) In the event that this Agreement is terminated by ZC pursuant to a breach by 131 of any of its obligations under Section 5.4 and Section 5.5 or, upon a 20 calendar day notice (the “ZC Termination Notice”) by ZC to 131, if 131 does not fully, in good-faith and promptly co-operates in preparation of the filing statement or additional agreements in connection with the Business Combination and such non-co-operation was not remedied upon the ZC Termination Notice, 131 shall forthwith pay to ZC the sum of \$50,000 as a penalty, which amount shall be paid in cash in full and final satisfaction of any liability which 131 and/or any of its directors and officers may have in respect thereof.
- (d) In the event that this Agreement is terminated by 131 pursuant to a breach by ZC of any of its obligations under Section 5.4 and Section 5.5, or, upon a 20 calendar day notice (the “131 Notice”) by 131 to ZC, if ZC does not fully, in good-faith and promptly co-operates in preparation of the filing statement or additional agreement in connection with the Business Combination and such non-co-operation was not remedied upon the 131 Termination Notice, ZC shall forthwith pay to 131 the sum of \$50,000 as a penalty, which amount shall be paid in cash in full and final satisfaction of any liability which ZC and/or any of its directors and officers may have in respect thereof.

7.4 Amendment

This Agreement may, at any time on or before the Effective Date be amended by mutual agreement between the Parties hereto. This Agreement may not be amended except by an instrument in writing signed by the appropriate officers on behalf of each of the Parties hereto.

7.5 Waiver

A Party may (i) extend the time for the performance of any of the obligations or other acts of the other Party, (ii) waive compliance with any of the other Party’s agreements or the fulfillment of any of its conditions contained herein or (iii) waive inaccuracies in another Party’s representations or warranties contained herein or in any document delivered by the other Party hereto; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party.

ARTICLE 8 GENERAL

8.1 Notices

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by e-mail or sent by prepaid overnight courier to the Parties at the following addresses (or at such other addresses as shall be specified by the Parties by like notice):

if to ZC:

Zero Candida Ltd.
Ramat Dalton Industrial Park
Rama Dalton, Israel 1381100

Attention: Eli Ben Haroosh
E-mail: eli@stickit-labs.com

with a copy to

Kafri Leibovich, Law Office
3rd Floor, 11 Habarzel St.
Tel Aviv 6971017, Israel

Attention: Amit Leibovich
Facsimile: +972-3-752-2201
E-mail: amit@lklaw.co.il

and with a copy to:

Tanya Markovich Law Corporation
Suite 500 – 666 Burrard Street

Vancouver, BC V6C 3P6

Attention: Tanya Markovich
Facsimile: (604) 608-5454
E-mail: tmarkovich@markovichlaw.ca

if to 131:

1319743 B.C. LTD.
1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9

Attention: Binyomin Posen
E-mail: bposen@plazacapital.ca

with a copy to:

Paolone Law

Attention: Richard Paolone
E-mail: richard@paolonelaw.ca

Any Party may from time to time change its address under this Section 8.1 by notice to the other Party given in the manner provided by this Section 8.1.

8.2 Assignment

Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either of the Parties hereto without the prior written consent of the other Party which shall not be unreasonably withheld.

8.3 Complete Agreement

This Agreement sets forth the entire understanding between the Parties hereto and supersedes all prior agreements, arrangements and communications, whether oral or written, with respect to the subject matter

hereof, including but not limited to, the Letter of Intent between ZC and 131. No other agreements, representations, warranties or other matters, whether oral or written, shall be deemed to bind the Parties hereto with respect to the subject matter hereof.

8.4 Further Assurances

Each Party hereto shall, from time to time, and at all times hereafter, at the request of the other Party hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

8.5 Severability

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law. Any provision of this Agreement that is invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.6 Counterpart Execution

This Agreement may be executed in any number of counterparts by original, telecopier, electronic or portable document file (.pdf) copy signature, each of which will be an original as regards any party whose signature appears thereon and all of which together will constitute one and the same instrument. This Agreement will become binding when one or more counterparts hereof, individually or taken together, bears the signatures of all the parties reflected hereon as signatories.

8.7 Investigation by Parties

No investigations made by or on behalf of either Party or any of their respective authorized agents at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation, warranty or covenant made by the other Party in or pursuant to this Agreement.

8.8 Time

Time is of the essence of this Agreement.

8.9 Public Announcement; Disclosure and Confidentiality

- (a) Unless and until the transactions contemplated in this Agreement will have been completed, none of the Parties shall make any public announcement concerning this Agreement or the matters contemplated herein, their discussions or any other memoranda, letters or agreements between them relating to the matters contemplated herein without the prior consent of the other Parties, which consent shall not be unreasonably withheld, provided that no party shall be prevented from making any disclosure which is required to be made by law or any rules of a stock exchange or similar organization to which it is bound.
- (b) All information provided to or received by the parties hereunder shall be treated as confidential (“**Confidential Information**”). Subject to the provisions of this Section, no Confidential Information shall be published by any party hereto without the prior written consent of the others, but such consent in respect of the reporting of factual data shall not be unreasonably withheld. The consent required by this Section shall not apply to a disclosure to: (a) comply with any applicable laws, stock exchange rules or a regulatory authority having jurisdiction; (b) a

director, officer or employee of a party; (c) an Affiliate of a party; (d) a consultant, contractor or subcontractor of a party that has a bona fide need to be informed; or (e) any third party to whom the disclosing party may assign any of its rights under this Agreement; provided, however, that in the case of subsection (e) the third party or parties, as the case may be, agree to maintain in confidence any of the Confidential Information so disclosed to them.

- (c) The obligations of confidence and prohibitions against use of Confidential Information under this Agreement shall not apply to information that the disclosing party can show by reasonable documentary evidence or otherwise: (a) as of the date of this Agreement, was in the public domain; (b) after the date of this Agreement, was published or otherwise became part of the public domain through no fault of the disclosing party or an Affiliate thereof (but only after, and only to the extent that, it is published or otherwise becomes part of the public domain); or (c) was information that the disclosing party or its Affiliates were required to disclose pursuant to the order of any Government Authority or judicial authority.

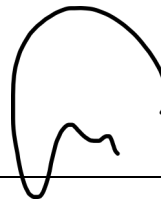
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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

ZERO CANDIDA LTD.

Per: _____

Eli Ben-Haroosh
CEO and Director



1319743 B.C. LTD.

Per: _____

Binyomin Posen
CEO and Director



SCHEDULE “A”
DISCLOSURE LETTER

SECTION 4.1(D)

ZC CAPITALIZATION

Security	Number Outstanding
Ordinary Shares	1,416,750
Incentive Stock Options	400,000
Share Purchase Warrants	269,564

SECTION 4.1(J)

NO VIOLATION

SECTION 4.1(O)

ZC INTELLECTUAL PROPERTY

PCT Patent Application No. PCT/IL2023/050243 in Israel “*Devices and Method for Prevention and Treatment of Fungal and Bacterial Microorganisms*”

South Africa Patent 2022/09265

SECTION (Q)

FINDER'S FEE

Finders' fee equal to such number of common shares in the capital of the Resulting Issuer after completion of the Transaction, which equals to 5% of the issued and outstanding shares of the Resulting Issuer on a fully diluted basis after completion of the Transaction. The finders' fee is payable to Komet Sense Inc. and Mr. Steven Gaser for their role in finding and introducing the Transaction to ZC and is subject to regulatory and Exchange approvals to the extent required.

SECTION 4.1(S)

ZC MATERIAL AGREEMENTS

None other than lease agreements with respect to ZC current offices in Tel-Aviv, Israel for a total of \$1,200 plus taxes a month and lab in Ra'anana, Israel for a total of \$899 plus taxes a month and letter of Intent with 1319743 B.C. LTD.

SECTION 4.1(U)

NON-ARM'S LENGTH INDEBTEDNESS

None

SECTION 4.1(DD)

REAL PROPERTY

None other than lease agreement with respect to ZC current offices in Tel-Aviv, Israel for a total of \$1,200 plus taxes a month and lab in Ra'anana, Israel for a total of \$899 plus taxes a month.

SECTION 4.1(X)

ZC UNDISCLOSED LIABILITIES

ZC does not have any undisclosed liabilities other than monthly rent and salary expenses and costs associated with its research activities incurred in the normal course of ZC business.

FIRST AMENDMENT TO THE BUSINESS COMBINATION AGREEMENT
dated September 23, 2024
(the “Effective Date”)

Amending the Business Combination Agreement dated March 1, 2024.

BETWEEN:

ZERO CANDIDA LTD.,

a company incorporated under the laws of the State of Israel, privately held
limited liability
company number 516520657
 (“ZC”)

-and-

1319743 B.C. LTD.,

a corporation incorporated under the laws of the Province of British Columbia

 (“131”)

WHEREAS:

- (A) The parties hereto executed a Business Combination Agreement dated for reference March 1, 2024 (the “BCA”); and
- (B) The parties have agreed to amend the terms of the BCA as amended on the terms hereinafter agreed to.

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

1.0 Recitals

The above recitals are true and correct and form part of this Agreement;

2.0 Amendments

- 2.1 The BCA is amended by deleting all references to September 30, 2024 and replacing them with December 31, 2024.
- 2.2 The BCA is amended by deleting section 2.1(e) in its entirety and replacing it with the following:
 - “2.1 (e) The Parties have agreed on the Merger Exchange Ratio, being 9.616500 131 Share to be issued to each ZC Shareholders in exchange for each one (1) ZC Share and 9.616500 131 Options to be issued to each ZC optionholders in exchange for each one (1) ZC Option”

- 2.3 The BCA is amended by deleting section 2.1(g)(ii)(B) in its entirety and replacing it with the following:

*“2.1 (g) (ii) (B) the Israeli Trustee shall receive, on behalf of the holders of outstanding ZC Shares, 9.616500 131 Shares for each ZC Share held (such ratio being the “**Merger Exchange Ratio**”), and each such Post-131 Share Split 131 Share, after giving effect to the Business Combination, is herein referred to as a “**Resulting Issuer Share**”; no fractional Resulting Issuer Shares shall be issued to holders of ZC Shares or the Israeli Trustee; in the event of any fractional entitlement, the number of Resulting Issuer Shares issued to each former holder of ZC Shares shall be rounded down to the next lesser whole number of Resulting Issuer Shares without any payment in respect of such fractional Resulting Issuer Share”*

- 2.4 The BCA is amended by adding section 4.1(mm), as follows:

“4.1 (mm) immediately prior to completion of the Business Combination, ZC shall use all commercially reasonable effort to cause its issued and outstanding capital to consist of a total of 1,607,237 ZC Shares (not including any shares issuable pursuant to the terms of the concurrent Financing), 264,533 ZC Options and no ZC Warrants.”

3.0 Other Terms of the BCA

- 3.1 Should any provision in the BCA conflict with the terms of this amendment, then this amendment shall govern, and all necessary changes shall be made mutatis mutandis;
- 3.2 Except as amended hereby, the BCA continue in full force and effect;
- 3.3 The BCA and this amendment will be read and construed as one agreement (collectively, the “**Amended BCA**”);
- 3.4 The Amended BCA contains the entire understanding of the parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings, agreements, negotiations and discussions, whether written or oral, between ZC and 131;
- 3.5 There are no representations, warranties, terms, conditions, undertakings, or collateral agreements or understandings, express or implied, between the parties hereto other than those expressly set forth in the Amended BCA;
- 3.6 Each party, upon the request of any other party hereto shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged or delivered, all such further acts, deeds, documents, and assurances as may be reasonably necessary or desirable to give effect to the transactions contemplated in the Amended BCA;
- 3.7 This amendment to the BCA shall enure to the benefit of and be binding upon the parties hereto and their respective successors, heirs, executors, and administrators, as applicable.
- 3.8 This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The parties hereto acknowledge and agree that the courts of British Columbia shall have the exclusive jurisdiction with respect to any dispute or other matter arising hereunder; and

[the remainder of this page intentionally left blank]

- 3.9 This amendment to the BCA may be signed by the parties in counterparts and may be delivered by facsimile or electronic mail, each of which when delivered will be deemed to be an original and all of which together will constitute one instrument.

IN WITNESS WHEREOF the parties to this amendment to the Business Combination Agreement have executed this amendment to the Business Combination Agreement as of the day and year first above written.

ZERO CANDIDA LTD.

Per: /s/ "Eli Ben-Haroosh"
Authorized Signatory

1319743 B.C. LTD.

Per: /s/ "Binyomin Posen"
Authorized Signatory