

**GREEN ACRE CAPITAL FUND I LP**

- and -

**KITCHENER INVESTMENT CORP.**

- and -

**YORK PLAINS INVESTMENT CORP.**

- and -

**TOM CAREFOOT**

- and -

**MIKE ASH**

- and -

**JEREMY DRUMMOND**

- and -

**MATT PINCH**

- and -

**GREG HOOKER**

- and -

**MARK VASEY**

- and -

**CRAIG VAN EYCK**

- and -

**HIKU BRANDS COMPANY LTD.**

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**SHARE PURCHASE AGREEMENT**

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**March 6, 2018**

## TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION.....	3
1.1 Definitions.....	3
1.2 Knowledge.....	8
1.3 Material Adverse Change or Material Adverse Effect.....	8
1.4 Currency.....	9
1.5 Governing Law.....	9
1.6 Interpretation Not Affected by Headings.....	9
1.7 Number and Gender.....	9
1.8 Time of Essence.....	9
1.9 Severability.....	9
1.10 Accounting Terms.....	9
1.11 Calculation of Time Periods.....	9
1.12 Statutory Instruments.....	10
ARTICLE 2 PURCHASE AND SALE.....	10
2.1 Purchased Shares.....	10
2.2 Purchase Price.....	10
2.3 Satisfaction of Purchase Price.....	10
ARTICLE 3 REPRESENTATIONS AND WARRANTIES.....	10
3.1 Representations and Warranties of the Vendors Relating to each Vendor.....	10
3.2 Representations and Warranties the Vendors Relating to the Corporation and TS Calgary.....	12
3.3 Representations and Warranties of the Purchaser.....	20
3.4 Survival of Covenants, Representations and Warranties of the Vendors.....	21
3.5 Survival of Covenants, Representations and Warranties of the Purchaser.....	21
ARTICLE 4 POST CLOSING COVENANTS.....	22
4.1 Confidentiality.....	22
4.2 Non-Competition.....	22
4.3 Non-Disparagement.....	23
4.4 Reasonableness.....	23
ARTICLE 5 CLOSING ARRANGEMENTS.....	23
5.1 Place of Closing.....	23

5.2	Deliveries at the Closing. ....	23
ARTICLE 6 TAX MATTERS.....		23
6.1	Access to Records. ....	23
6.2	Tax Matters. ....	24
ARTICLE 7 INDEMNIFICATION.....		24
7.1	Indemnification by the Vendors. ....	24
7.2	Indemnification by the Purchaser.....	25
7.3	Notice of Claim. ....	25
7.4	Procedure for Indemnification – Direct Claims. ....	25
7.5	Procedure for Indemnification – Third Party Claims.....	26
7.6	General Indemnification Rules.....	26
7.7	Limitations on Indemnification by Vendors. ....	27
7.8	Limitations on Indemnification by Purchaser. ....	27
7.9	Limitation of Liability.....	27
7.10	Tax Treatment of Indemnification Payments.....	27
ARTICLE 8 GENERAL.....		28
8.1	Notices.....	28
8.2	Public Announcements and Disclosure.....	29
8.3	Assignment.....	29
8.4	Expenses.....	29
8.5	Further Assurances.....	29
8.6	Specific Enforcement. ....	30
8.7	Entire Agreement. ....	30
8.8	Waiver, Amendment. ....	30
8.9	Rights Cumulative.....	30
8.10	Independent Legal Advice. ....	30
8.11	Counterparts. ....	31

**SHARE PURCHASE AGREEMENT**

**THIS AGREEMENT** made as of the 6th day of March, 2018,

**AMONG:**

**GREEN ACRE CAPITAL FUND I LP**, a limited partnership existing under the laws of the Province of Ontario ("**Green Acre**")

- and -

**KITCHENER INVESTMENT CORP.**, a corporation existing under the laws of The Bahamas ("**Kitchener Investment**")

- and -

**YORK PLAINS INVESTMENT CORP.**, a corporation existing under the laws of the Province of Ontario ("**York Plains**")

- and -

**TOM CAREFOOT**, an individual residing in the City of Regina in the Province of Saskatchewan ("**Carefoot**")

- and -

**MIKE ASH**, an individual residing in City of Regina in the Province of Saskatchewan ("**Ash**")

- and -

**JEREMY DRUMMOND**, an individual residing in City of Regina in the Province of Saskatchewan ("**Drummond**")

- and -

**MATT PINCH**, an individual residing in City of Regina in the Province of Saskatchewan ("**Pinch**")

- and -

**GREG HOOKER**, an individual residing in City of Regina in the Province of Saskatchewan ("**Hooker**")

- and -

**MARK VASEY**, an individual residing in the City of Toronto in the Province of Ontario ("**Vasey**")

- and -

**CRAIG VAN EYCK**, an individual residing in City of Regina in the Province of Saskatchewan (“**Eyck**”, and with Green Acre, Kitchener Investment, York Plains, Carefoot, Ash, Drummond, Pinch, Hooker and Vasey, each a “**Vendor**” and collectively, the “**Vendors**”)

and

**HIKU BRANDS COMPANY LTD.**, a corporation existing under the laws of the Province of British Columbia (the “**Purchaser**”)

**RECITALS:**

- A. TS Prairie Retail Corp. (the “**Corporation**”) is a corporation existing under the laws of the Province of Saskatchewan that conducts, and is engaged in, the Business (as hereinafter defined) pursuant to a license agreement dated August 15, 2017 among TS Brandco Holdings Inc., the Corporation, Jason Drummond and Shawn Dym (the “**License Agreement**”);
- B. the Vendors collectively hold all of the outstanding securities of the Corporation (the “**Purchased Shares**”);
- C. the Purchaser and the Vendor desire for the Purchaser to purchase the Business and in connection therewith have agreed to terminate the License Agreement; and
- D. the Purchaser desires to purchase the Purchased Shares, and the Vendors desire to sell the Purchased Shares, on the terms and conditions set out in this Agreement.

**NOW THEREFORE**, in consideration of the mutual covenants, representations and warranties made herein, and of the mutual benefits to be derived hereby, the Parties (as hereinafter defined) agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions.

In this Agreement, the following terms and expressions will have the following meanings:

- (a) “**Accounts Receivable**” means all accounts receivable, trade accounts due to the Corporation or TS Calgary and recorded in the books and records of the Corporation or TS Calgary and notes receivable due to the Corporation or TS Calgary, but excluding:
  - (i) (A) any amounts due or deemed to be due to the Corporation or TS Calgary that are or have been outstanding for more than 120 days from the date payment was due, or (B) any amounts due to the Corporation or TS Calgary that are otherwise unlikely to be collectible;
  - (ii) any accounts receivable, bills receivable, trade accounts or book debts resulting from the sale of goods and services not in the Ordinary Course of the Business; and
  - (iii) any amounts due from any Vendor and any Associated Person or any other Non-Arms’ Length Person;
- (b) “**Affiliate**” of any person means, at the time such determination is being made, any other person controlling, controlled by or under common control with such first person, in each case, whether directly or indirectly, and “**control**” and any derivation thereof means the power to, directly or indirectly, direct the management and policies, business or affairs of a person whether through the ownership of voting securities or otherwise;
- (c) “**Agreement**” means this share purchase agreement and all instruments amending it; “hereof”, “hereto” and “hereunder” and similar expressions mean and refer to this Agreement and not to any particular Article, Section, or other subdivision; “Article”, “Section” or other subdivisions of this Agreement followed by a number means and refers to the specified Article, Section or other subdivision of this Agreement;
- (d) “**Ancillary Agreements**” means all agreements, certificates and other instruments delivered pursuant to this Agreement, including, but not limited to, the Termination Agreement and the Leo’s Group Release;
- (e) “**ASPE**” means Accounting Standards for Private Enterprises as issued by the International Accounting Standards Board and as adopted by the Canadian Institute of Chartered Accountants;
- (f) “**Associated Person**” means any person who is an “associate” (as that term is defined in the *Business Corporations Act* (Ontario)) of the Corporation or TS Calgary and includes but is not limited to each Vendor;
- (g) “**Basket**” has the meaning ascribed thereto in Section 7.7;

- (h) “**Business**” means the business carried on by the Corporation and TS Calgary, which primarily involves the operation of a “Tokyo Smoke” branded coffee shop in Calgary, Alberta;
- (i) “**Business Day**” means any day other than a Saturday, a Sunday or a statutory holiday in the Province of Ontario or any other day on which the principal chartered banks located in the Toronto, Ontario are not open for business during normal banking hours;
- (j) “**Cash and Cash Equivalents**” means all cash of the Corporation or TS Calgary in any bank account or investments of the Corporation or TS Calgary with a maturity of less than one year or which may be liquidated by the Corporation or TS Calgary without payment of premium or penalty within one year;
- (k) “**Claim**” has the meaning ascribed thereto in Section 7.3;
- (l) “**Closing**” means the completion of the Transaction pursuant to this Agreement at the Closing Time;
- (m) “**Closing Date**” the effective date of Closing of March 6, 2018 (provided that, and notwithstanding anything to the contrary herein, the Vendors shall not be shareholders of record of the Purchaser until the date that the certificates representing the Consideration Shares are issued to the Vendors), or such later date as may be agreed to in writing between the Purchaser and the Vendors’ Designated Representative (on his own behalf and on behalf of the Vendors);
- (n) “**Closing Time**” means the effective time of Closing, being 12:01 a.m. (Toronto time) on the Closing Date;
- (o) “**Consent**” means any license, permit, approval, consent, certificate, registration or authorization (including, those made or issued by a Regulatory Authority, in respect of or required under a Contract, or otherwise);
- (p) “**Consideration Shares**” has the meaning ascribed thereto Section 2.2;
- (q) “**Contract**” means any agreement, understanding, indenture, contract, lease, deed of trust, license, option, instrument or other commitment, whether written or oral;
- (r) “**Controlling Owner**” has the meaning ascribed thereto in Section 4.2;
- (s) “**Corporation**” has the meaning ascribed thereto in the recitals to this Agreement;
- (t) “**Corporation Financial Statements**” means the balance sheet of the Corporation dated March 6, 2018 for the period of incorporation to March 6, 2018.
- (u) “**Current Assets**” means the aggregate of Cash and Cash Equivalents, Accounts Receivable, Inventories and prepaid expenses and deposits, determined in accordance with ASPE consistently applied, but does not include: (a) the portion of any prepaid expense of which the Purchaser will not receive the benefit following the Closing; and (b) deferred Tax assets;

- (v) “**Current Liabilities**” means the aggregate of trade and other payables, accrued Taxes and other accrued charges, determined in accordance with ASPE consistently applied, but does not include: (a) income Taxes payable; (b) accrued provisions; (c) deferred Tax liabilities; (d) the current portion of long term debt, if any, determined in accordance with ASPE consistently applied; and (e) expenses related to the Transaction;
- (w) “**Disclosure Letter**” means the disclosure letter dated the date of this Agreement and delivered by the Vendors, the Corporation and TS Calgary to the Purchaser with this Agreement;
- (x) “**Employee**” means individuals employed by the Corporation or TS Calgary, on a full-time, part-time or temporary basis, including those employees of the Corporation or TS Calgary on disability leave, parental leave or other absence, if any;
- (y) “**Encumbrances**” means any encumbrance or restriction of any kind or nature whatsoever and howsoever arising (whether registered or unregistered) and includes a security interest, mortgage, easement, adverse ownership interest, defect on title, condition, right of first refusal, right of first offer, right-of-way, encroachment, building or use restriction, conditional sale agreement, hypothec, pledge, deposit by way of security, hypothecation, assignment, charge, security under sections 426 or 427 of the *Bank Act* (Canada), trust or deemed trust, voting trust or pooling agreement with respect to securities, any adverse claim, grant of any exclusive licence or sole licence, or any other right, option or claim of others of any kind whatsoever, and includes any agreement to give any of the foregoing in the future, and any subsequent sale or other title retention agreement or lease in the nature thereof;
- (z) “**Environmental Laws**” means all applicable Laws relating to the protection and preservation of the environment, occupational health and safety, product safety, product liability or hazardous substances;
- (aa) “**Environmental Permits**” includes all orders, permits, certificates, approvals, consents, registrations and licences issued by any authority of competent jurisdiction under any Environmental Law;
- (bb) “**Exchange**” means the Canadian Securities Exchange;
- (cc) “**including**” and “**includes**” mean, respectively, “including, without limitation” and “includes, without limitation”;
- (dd) “**Indemnified Party**” has the meaning ascribed in Section 7.3(1);
- (ee) “**Indemnifying Party**” has the meaning ascribed in Section 7.3(1);
- (ff) “**Intellectual Property**” means domestic and foreign patents, trade-marks, trade names, copyrights, industrial designs, business names, certification marks, service marks, distinguishing guises, business styles and other industrial or intellectual property, whether or not registered, and includes all such rights in software;
- (gg) “**Intercompany Advance**” means the amount of \$162,671.50 that was paid by the Corporation to vendors of TS Calgary solely for purposes of leasehold improvements to



the “Tokyo Smoke” branded retail shop operated by TS Calgary as a part of the Business and certain initial operational costs of TS Calgary incurred in the ordinary course of the Business.

- (hh) “**Inventory**” means all inventories and other supplies and consumables, wherever located, and whether on consignment or not, determined on a gross basis in accordance with ASPE consistently applied but excluding any obsolete or worn-out inventory or inventory that is no longer used;
- (ii) “**Law**” or “**Laws**” means all requirements imposed by statutes, regulations, rules, ordinances, by-laws, decrees, codes, policies, judgments, orders, rulings, decisions, approvals, notices, permits, guidelines or directives of any Regulatory Authority;
- (jj) “**Leased Premises**” has the meaning ascribed thereto in Section 3.3(28);
- (kk) “**Leo’s Group Release**” means the release agreement to be entered into on the Closing Date among the Purchaser, the Corporation, TS Calgary and Leo’s Hospitality Management Group Inc., pursuant to which Leo’s Hospitality Management Group Inc. shall (i) release the Corporation, TS Calgary and the Purchaser from any obligations related to the provision of services by Leo’s Hospitality Management Group Inc. to the Corporation, TS Calgary and/or the Business; and (ii) agree to certain non-competition covenants;
- (ll) “**License Agreement**” has the meaning ascribed thereto in Recital A;
- (mm) “**Loss**” means any loss (including any foreseeable loss of any kind), injury, liability, damage (including incidental and consequential damages and damages for lost profits), cost or expense (including legal and other professional fees and expenses), suffered or incurred by a Party, including in respect of any proceeding, assessment, judgment, settlement or compromise in any manner relating thereto;
- (nn) “**Material Contracts**” has the meaning ascribed thereto in Section 3.2(23);
- (oo) “**Non-Arm’s Length Person**” means any person with whom any of the Corporation, TS Calgary or any of the Vendors do not deal at arm’s length within the meaning of the Tax Act;
- (a) “**Ordinary Course of Business**” means activities that are routine or that occur with regularity in the ordinary course of the business of the Corporation or TS Calgary, as applicable, and in a manner consistent with the usual custom and past practice of the Corporation or TS Calgary, as applicable;
- (b) “**Parties**” means the Purchaser and the Vendors and any other person that may become a party to this Agreement, and “**Party**” means any one of them;
- (c) “**Percentage Interest**” means, in respect of a Vendor, that Vendor’s percentage interest of the total number of Consideration Shares payable to the Vendors, as set out in Section 2.1;

- (d) “**person**” includes any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, government, governmental agency and any other form of entity or organization;
- (e) “**Pre-Closing Tax Period**” means a taxation year or other fiscal period that begins before and ends on or before the Closing Date;
- (f) “**Purchase Price**” has the meaning ascribed in Section 2.2;
- (g) “**Purchased Shares**” has the meaning ascribed thereto in Recital B of this Agreement;
- (h) “**Records**” means all books and records relating to the Corporation and TS Calgary and the Business, including technical, business and financial books and records, customer lists, operating data, files, financial books, correspondence, credit information, research materials, contract documents, title documents, leases, surveys, records of past sales and purchases, supplier lists, price lists, catalogues, sales and promotional materials, correspondence, mailing lists, purchasing materials and records, manufacturing and quality control records, employee documents, inventory data, accounts receivable data, financial statements and any other similar records in any form whatsoever (including written, printed, electronic (including stored or computer-related or other electronic media or computer printout form));
- (i) “**Regulatory Authority**” means any government, regulatory or administrative authority, agency, commission, utility or board (federal, provincial, municipal or local, domestic or foreign) having jurisdiction in the relevant circumstances and any person acting under the authority of any of the foregoing and any judicial, administrative or arbitral court, authority, tribunal or commission having jurisdiction in the relevant circumstances;
- (j) “**SEDAR**” means the System for Electronic Document Analysis and Retrieval (at the website address [www.sedar.com](http://www.sedar.com));
- (k) “**Shareholders’ Agreement**” means the shareholders’ agreement of the Corporation dated as of June 1, 2017, as the same may be from time to time modified or amended;
- (l) “**Tax Act**” means the *Income Tax Act* (Canada) and regulations made thereunder, as now in effect and as may be amended from time-to-time;
- (m) “**Tax Returns**” means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and statements and other documents (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) filed or required to be filed in respect of Taxes;
- (n) “**Taxes**” means, with respect to any person, means (i) all national, federal, provincial, state, territorial, municipal and local taxes, duties, fees, premiums, assessments, reassessments, imposts, levies and other charges of any kind whatsoever, whether domestic or foreign, including all interest, penalties, fines, additions to tax or other additional amounts imposed in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health,

payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all license, franchise and registration fees and all employment insurance, health insurance and Canada, Québec, US and other government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Regulatory Authority on or in respect of amounts of the type described in (i) or this (ii); and (iii) any liability for the payment of any amounts of the type described in (i) or (ii) as a result of any obligation to indemnify any other person or as a result of being a transferee or successor in interest to any party;

- (o) **“Termination Agreement”** means the termination agreement to be entered into on the Closing Date among the Purchaser, TS Brandco Holdings Inc., the Corporation, Jason Drummond and Dym pursuant to which the License Agreement shall be terminated and the obligations in respect thereof of the parties thereto shall be released.
- (p) **“Transaction”** means the purchase and sale of the Purchased Shares and all other transactions contemplated by this Agreement, including the entering into of the Termination Agreement;
- (q) **“TS Calgary”** means TS Calgary Beltline Coffee Inc., a corporation existing under the laws of the Province of Alberta;
- (r) **“TS Calgary Financial Statements”** means the financial statements of TS Calgary dated December 31, 2017 for the period of incorporation to December 31, 2017 and the and the balance sheet for TS Calgary dated March 6, 2018 for the period of incorporation to March 6, 2018;
- (s) **“Vendors’ Designated Representative”** means York Plains;
- (t) **“Vendor Party”** has the meaning ascribed thereto in Section 4.2; and
- (u) **“Working Capital”** means the amount calculated by subtracting the Current Liabilities of the Corporation from the Current Assets of the Corporation or TS Calgary.

## 1.2 Knowledge.

Any reference herein to the “knowledge” of a Party will be deemed to mean: (i) in the case of a Party that is an individual, the actual knowledge of that Party; or (ii) in the case of a Party that is a corporation, the actual knowledge of the directors and officers of such Party, together (in each case) with the knowledge which such individuals would have had if they had conducted a reasonable investigation in the relevant subject matter.

## 1.3 Material Adverse Change or Material Adverse Effect.

Any reference to a “material adverse change” or “material adverse effect” shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) changes generally adversely affecting the Canadian economy; (ii) changes adversely affecting the cannabis retail industry or the cannabis industry in general; (iii) the announcement or pendency of the transactions contemplated by this Agreement; (iv) changes in applicable Laws; (v) changes in accounting principles; (vi) acts of war or terrorism or any natural or man-made disaster or acts of God; or (vii) any action

required or permitted by this Agreement or any action taken (or omitted to be taken) with the written consent of or at the written request of Purchaser.

1.4 Currency.

Unless otherwise indicated, all references to dollar amounts in this Agreement are expressed in Canadian currency.

1.5 Governing Law.

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Parties hereby irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario with respect to any matter arising under or related to this Agreement.

1.6 Interpretation Not Affected by Headings.

The division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.7 Number and Gender.

In this Agreement, unless the context otherwise requires, any reference to gender shall include all genders and words importing the singular number shall include the plural and vice-versa.

1.8 Time of Essence.

Time shall be of the essence of every provision of this Agreement.

1.9 Severability.

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

1.10 Accounting Terms.

All accounting terms not specifically defined in this Agreement shall be construed in accordance with ASPE.

1.11 Calculation of Time Periods.

Where a time period is expressed to begin or end at, on or with a specified day, or to continue to or until a specified day, the time period includes that day. Where a time period is expressed to begin after or to be from a specified day, the time period does not include that day. Where anything is to be done within a time period expressed after, from or before a specified day, the time period does not include that day. If the last day of a time period is not a Business Day, the time period shall end on the next Business Day.

1.12 Statutory Instruments.

Unless otherwise specifically provided in this Agreement, any reference in this Agreement to any Law shall be construed as a reference to such Law as amended or re-enacted from time-to-time or as a reference to any successor thereto.

**ARTICLE 2  
PURCHASE AND SALE**

2.1 Purchased Shares.

Subject to the terms and conditions of this Agreement, the Vendors agree to sell, assign and transfer the Purchased Shares to the Purchaser, and the Purchaser agrees to purchase from the Vendors the Purchased Shares, at the Closing Time. The number of Purchased Shares held by each Vendor (and to be sold, assigned and transferred by each Vendor and purchased by the Purchaser) is as set out in Schedule A to the Disclosure Letter.

2.2 Purchase Price.

The aggregate purchase price payable by the Purchaser to the Vendors for the Purchased Shares shall be deemed to be \$9,954,000 (the "**Purchase Price**"), being the market value of the Consideration Shares (as hereinafter defined), as determined by multiplying the number of Consideration Shares by the closing price of the common shares of the Purchaser on the Exchange on March 5, 2018. The Purchase Price shall be satisfied by the issuance to the Vendors of an aggregate of 4,200,000 common shares of the Purchaser (the "**Consideration Shares**"), each Consideration Share having a deemed issue price of \$2.37, equal to the closing price of the common shares of the Purchaser on the Exchange on March 5, 2018.

2.3 Satisfaction of Purchase Price.

The number of Consideration Shares to be issued to each Vendor as payment for his or its Purchased Shares is as set out in Schedule A to the Disclosure Letter. The Consideration Shares shall bear legends indicating that the resale of the Consideration Shares shall be restricted for a period of four months and a day following the Closing Date.

**ARTICLE 3  
REPRESENTATIONS AND WARRANTIES**

3.1 Representations and Warranties of the Vendors Relating to each Vendor.

Each Vendor severally (and not jointly or jointly and severally) makes the following representations and warranties to the Purchaser as to itself (and not as to the other Vendors) and acknowledges that the Purchaser is relying on such representations and warranties in entering into this Agreement and completing the Transaction:

(1) Validity of Agreement.

- (a) If the Vendor is a corporation, the Vendor has all necessary corporate power to own the Purchased Shares and to enter into and perform its obligations under this Agreement, including to sell, assign and transfer the Purchased Shares to the Purchaser, and to perform its obligations under any Ancillary Agreements to which it is a party.

- (b) If the Vendor is a corporation, the execution and delivery by the Vendor of this Agreement and any Ancillary Agreements to which it is a party, the performance of its obligations hereunder and thereunder, and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Vendor.
  - (c) This Agreement and any Ancillary Agreements to which the Vendor is a party constitute legal, valid and binding obligations of the Vendor, enforceable against the Vendor in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
- (2) No Violation. The execution and delivery of this Agreement by the Vendor, the consummation of the Transaction and the fulfilment by the Vendor of the terms, conditions and provisions hereof and any Ancillary Agreements will not (with or without the giving of notice or lapse of time, or both):
- (a) contravene or violate or result in a breach or a default under:
    - (i) any applicable Law;
    - (ii) any judgment, order, writ, injunction or decree of any Regulatory Authority having jurisdiction over the Vendor;
    - (iii) if the Vendor is a corporation, the articles, by-laws or any resolutions of the board of directors or shareholders of the Vendor; or
    - (iv) the provisions of any Contract to which the Vendor is a party or by which he or it is, or any of his or its property or assets are, bound; or
  - (b) result in the creation or imposition of any Encumbrance on any of the Purchased Shares.
- (3) Shareholders' Agreements. Other than the Shareholders' Agreement which will be terminated as at the Closing Time, there are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the Purchased Shares.
- (4) Title to Purchased Shares. The Purchased Shares are owned by the Vendor as the registered and beneficial owner with good and marketable title, free and clear of all Encumbrances, and the Purchased Shares will be transferred to the Purchaser at the Closing free and clear of all Encumbrances.
- (5) Options. Except for the Purchaser's agreement to purchase the Purchased Shares under this Agreement, no person has any option, warrant, right, call, commitment, conversion right, right of exchange or other agreement or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an option, warrant, right, call, commitment, conversion right, right of exchange or other agreement for the purchase from the Vendor of any of the Purchased Shares.
- (6) Litigation. There are no actions, suits or proceedings, judicial or administrative, whether or not purportedly on behalf of the Vendor, pending or, to the knowledge of any of the Vendors, threatened, by or against the Vendor affecting, or that would reasonably be expected to affect, the Vendor's Purchased Shares or the ability of the Vendor to deliver the Purchased Shares, at law or in equity, or before or by

any Regulatory Authority, and, to the knowledge of the Vendors, there are no grounds on which any such action, suit or proceeding might be commenced.

(7) Residency. Except in the case of Kitchener Investment, the Vendor is not a non-resident person within the meaning of the Tax Act.

(8) Brokers. The Vendor has not engaged any broker or other agent in connection with the Transaction which would result in any commission, fee or other remuneration being payable by the Corporation or TS Calgary.

(9) Consents. There is no requirement for the Vendor to make any filing with, give any notice to or obtain any Consent from any Regulatory Authority as a condition to the lawful consummation of the Transaction by the Vendor.

(10) Bankruptcy. The Vendor is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. The Vendor has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of the Vendor or any of the Vendor's undertakings, property or assets (including its Purchased Shares) and no execution or distress has been levied on any of its undertakings, property or assets (including its Purchased Shares), nor have any proceedings been commenced in connection with any of the foregoing.

### 3.2 Representations and Warranties the Vendors Relating to the Corporation and TS Calgary.

The Vendors hereby jointly and severally make the following representations and warranties to the Purchaser and acknowledge that the Purchaser is relying on such representations and warranties in entering into this Agreement and completing the Transaction:

(1) Incorporation and Existence of the Corporation. The Corporation is a corporation incorporated and existing under the *Business Corporations Act* (Saskatchewan). TS Calgary is a corporation incorporated and existing under the *Business Corporations Act* (Alberta).

(2) Corporate Power. The Corporation and TS Calgary each have the corporate power and authority to own or lease its property and assets and to carry on the Business as now being conducted by it.

(3) Qualification. The Corporation and TS Calgary each are duly qualified, licensed or registered to carry on business, including the Business, and is in good standing in each of the jurisdictions listed in Schedule 3.2(3) to the Disclosure Letter, respectively. The jurisdictions listed in Schedule 3.2(3) to the Disclosure Letter include all jurisdictions in which the nature of the Business or the property and assets owned or leased by the Corporation or TS Calgary makes such qualification necessary or where the the Corporation or TS Calgary owns or leases any material property or assets or conducts any material business, including the Business.

(4) Subsidiaries. TS Calgary is the only subsidiary of the Corporation, and the Corporation holds no shares or other ownership, equity or propriety interest in any other person. TS Calgary has no subsidiaries and holds no shares or other ownership, equity or propriety interest in any other person.

(5) Authorized and Issued Capital. The authorized capital of the Corporation consists of an unlimited number of Class A shares an unlimited number of Class B shares, an unlimited number of Class C shares, an unlimited number of Class D shares, an unlimited number of Class E shares and an unlimited number of Class F shares, of which 10,560 Class A shares are issued and outstanding as fully paid and non-assessable and no Class B shares, Class C shares, Class D shares, Class E shares or Class F shares are issued and outstanding as of the date hereof. The Corporation has no other securities outstanding as of the date hereof. The authorized capital of TS Calgary consists of an unlimited number of Class A shares, an unlimited number of Class B shares, an unlimited number of Class C shares, an unlimited number of Class D shares, an unlimited number of Class E shares, an unlimited number of Class F shares, an unlimited number of Class G shares and an unlimited number of Class H shares of which only 100 Class A shares are issued and outstanding as fully paid and non-assessable as of the date hereof. TS Calgary has no other securities outstanding as of the date hereof.

(6) Options. No person has any option, warrant, right, call, commitment, conversion right, right of exchange or other agreement or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an option, warrant, right, call, commitment, conversion right, right of exchange or other agreement for the purchase, subscription, allotment or issuance of any unissued shares or securities of the Corporation or TS Calgary.

(7) Dividends, Distributions and Indebtedness.

(a) Neither the Corporation nor TS Calgary have, directly or indirectly, declared or paid any dividends or declared or made any other distribution on any of their respective shares of any class since their respective date of incorporation.

(b) As at the Closing Time:

(i) there shall be no indebtedness as between (A) the Corporation and TS Calgary except for the Intercompany Advance; (B) the Corporation and any Vendor, Associated Person or Non-Arm's Length Person; or (C) TS Calgary and any Vendor, Associated Person or Non-Arm's Length Person; and

(ii) neither the Corporation nor TS Calgary shall have any obligation or liability (whether accrued, absolute, contingent or otherwise) to make any payment of any kind whatsoever to the Vendors, any Associated Person or any Non-Arm's Length Person.

(c) At the Closing Time, the Working Capital of each of the Corporation and TS Calgary shall be greater than zero.

(8) Corporate Records. The corporate records of the Corporation and TS Calgary are complete and accurate and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all applicable Laws and with the articles and by-laws of the Corporation and TS Calgary, respectively, and without limiting the generality of the foregoing: (a) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders of the Corporation and TS Calgary, respectively, since their respective dated of incorporation, and all such meetings were duly called and held; (b) the minute books contain all written resolutions passed by the directors and shareholders of the Corporation and TS Calgary, respectively, and all such resolutions were duly passed; (c) the share certificate books, registers of shareholders and registers of securities transfers of the Corporation and TS Calgary, respectively, are complete and accurate, and all transfers of securities have been duly completed



and approved; and (d) the registers of directors and officers are complete and accurate and all former and present directors and officers of the Corporation and TS Calgary, respectively, were duly elected or appointed, as the case may be.

(9) No Violation. Except as disclosed in Schedule 3.2(9) to the Disclosure Letter, the execution and delivery of this Agreement by the Vendors, the consummation of the Transaction and the fulfilment by the Vendors of the terms, conditions and provisions hereof will not (with or without the giving of notice or lapse of time, or both):

- (a) contravene or violate or result in a breach or a default under or give rise to a right of termination, amendment or cancellation or the acceleration of any obligations of the Corporation or TS Calgary under:
  - (i) any applicable Law;
  - (ii) any judgment, order, writ, injunction or decree of any Regulatory Authority having jurisdiction over the Corporation or TS Calgary;
  - (iii) the articles, by-laws or any resolutions of the board of directors or shareholders of the Corporation or TS Calgary;
  - (iv) any Consent held by the Corporation or TS Calgary necessary for the operation of the Business; or
  - (v) the provisions of any Contract to which the Corporation or TS Calgary is a party or by which it is, or any of its properties or assets are, bound; or
- (b) result in the creation or imposition of any Encumbrance on any of the Purchased Shares or any of the property or assets of the Corporation or TS Calgary.

(10) Regulatory Consents. There is no requirement to make any filing with, give any notice to or obtain any Consent from any Regulatory Authority as a condition to the lawful consummation of the Transaction by the Corporation or TS Calgary.

(11) Contractual Consents. Except as disclosed in Schedule 3.2(11) to the Disclosure Letter, there is no requirement under any Contract relating to the Business or to which the Corporation or TS Calgary is a party or by which it is bound to make any filing with, give any notice to, or to obtain the consent of, any party to such Contract relating to the Transaction.

(12) Financial Statements. Each of the Corporation Financial Statements and the TS Calgary Financial Statements: (a) have been prepared in accordance with ASPE on a basis consistent with that of prior fiscal periods; (b) are complete and accurate; and (c) present fairly, in all material respects, the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of the Corporation at the respective balance sheet dates, and the results of operations of the Corporation for the respective periods then ended. True, correct and complete copies of the Corporation Financial Statements and the TS Calgary Financial Statements are attached as Schedule 3.2(12) to the Disclosure Letter.

(13) Records. The Records have been duly maintained in accordance with all applicable legal requirements and contain full and accurate records of all material matters relating to the Business. All material financial transactions relating to the Business have been accurately recorded in the Records in

accordance with ASPE. No Records are in the possession of, recorded, stored, maintained by, or otherwise dependent on, any other person.

(14) No Material Adverse Change. Since the date of incorporation of the Corporation and TS Calgary, respectively, no material adverse change has occurred in respect of the assets, business, financial condition, earnings or results of operations of the Corporation or TS Calgary and no other event, condition, or state of facts has occurred or arisen which would reasonably be expected to have a material adverse effect on the assets, business, financial condition, earnings or results of operations of the Corporation or TS Calgary.

(15) Absence of Undisclosed Liabilities. Except as disclosed in Schedule 3.2(15) of the Disclosure Letter or as reflected in the Corporation Financial Statements or the TS Calgary Statements, the Corporation and TS Calgary do not have any outstanding indebtedness or any liabilities (whether accrued, absolute, contingent or otherwise) or any outstanding commitments or obligations of any kind.

(16) Consents. The Corporation and TS Calgary have conducted the Business in compliance with, and holds all Consents necessary for the lawful operation of the Business, pursuant to all applicable Laws.

(17) Compliance with Laws. The Corporation and TS Calgary have complied and are in compliance with all Laws applicable to the Business and the Corporation and TS Calgary. The Corporation and TS Calgary have not received notice of any violation or alleged violation of such Laws.

(18) Conduct of Business in Ordinary Course. Since the date of incorporation of the Corporation, the Business has been conducted in the Ordinary Course of Business.

(19) Title to Personal and Other Property. The property and assets of the Corporation and TS Calgary (other than the Leased Premises and any leased assets) are owned by the Corporation or TS Calgary as the beneficial owner with a good and marketable title, free and clear of all Encumbrances.

(20) Litigation. There are no actions, suits or proceedings, judicial or administrative, whether or not purportedly on behalf of the Corporation or TS Calgary, pending or, to the knowledge of any of the Vendors, threatened, by or against or affecting the Corporation, TS Calgary or the Business, at law or in equity, or before or by any Regulatory Authority, and there are no grounds on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success. There is not presently outstanding against the Corporation or TS Calgary any judgment, injunction or other order of any Regulatory Authority.

(21) Inventories. The Inventories of the Corporation and TS Calgary do not include any material items that are slow moving, below standard quality or of a quality or quantity not useable or saleable in the Ordinary Course of Business. The Inventory levels of the Corporation and TS Calgary have been maintained at such amounts as are required for the operation of the Business and such Inventory levels are adequate for the Business.

(22) Accounts Receivable. The Accounts Receivable due or accruing to the Corporation or TS Calgary reflected in the Corporation Financial Statements and the TS Calgary Financial Statements, respectively, and all Accounts Receivable of the Corporation and TS Calgary arising after their respective dates of incorporation arose from *bona fide* transactions in the Ordinary Course of Business and are valid, enforceable and fully collectible accounts. Such accounts receivable are not subject to any defence, set-off or counterclaim.

(23) Material Contracts. The contracts listed in Schedule 3.2(23) to the Disclosure Letter constitute all the material Contracts of the Corporation and TS Calgary. For the purposes of this Agreement, the term “**Material Contracts**” means any:

- (a) continuing Contract involving more than \$5,000 in respect of any such Contract which cannot be cancelled without penalty or without more than 90 days’ notice;
- (b) employment or consulting Contract or any other Contract with any officer, employee or consultant;
- (c) profit sharing, bonus, stock option, pension, retirement, disability, stock purchase, medical, dental, hospitalization, insurance or similar plan or agreement providing benefits to any current or former director, officer, employee or consultant;
- (d) trust indenture, mortgage, promissory note, loan agreement, guarantee or other Contract for the borrowing of money, the provision of financial assistance of any kind or a leasing transaction, or any Contract creating an Encumbrance relating thereto;
- (e) Contract for the sale of any assets, other than sales of inventory to customers in the Ordinary Course of Business;
- (f) Contract pursuant to which the Corporation or TS Calgary is a lessor of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;
- (g) confidentiality, secrecy or non-disclosure Contract (whether the Corporation or TS Calgary is a beneficiary or obligor thereunder) relating to any proprietary or confidential information or any non-competition or similar Contract;
- (h) any agreement that prohibits or limits the ability of the Corporation or TS Calgary to participate in any type of business or to conduct business in any geographic area;
- (i) any Contract in respect of Intellectual Property owned by, licensed to or used by the Corporation or TS Calgary;
- (j) agreement of guarantee, support, indemnification, assumption or endorsement of, or any other similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or indebtedness of, or any agreement to provide financial assistance of any kind to, any other person; or
- (k) Contract with any officer, director, employee, shareholder of Corporation or TS Calgary, any Associated Person or any other Non-Arm’s Length Person other than the Shareholders’ Agreement.

The Corporation has delivered to the Purchaser true, correct and complete copies of all Material Contracts that are written (together with all amendments thereto) and a complete and accurate description of the material terms and conditions of all Material Contracts that are oral.

(24) Performance of Contracts. The Corporation and TS Calgary have performed all of the obligations required to be performed by it and they are, respectively, entitled to all of the benefits under any Material Contract to which it is a party or by which it is bound. Neither the Corporation, TS Calgary nor, to the knowledge of any of the Vendors, any counterparty, is in default or in breach of any Material Contract to

which the Corporation or TS Calgary is a party and, to the knowledge of the Vendors, there exists no condition, event or act which, with the giving of notice or lapse of time or both, would constitute such a default or breach. All Material Contracts to which the Corporation or TS Calgary are a party are in good standing and in full force and effect, unamended, and the Corporation or TS Calgary, as applicable, are entitled to all benefits thereunder in accordance with the their terms.

(25) Insurance. The insurance policies of the Corporation and TS Calgary are valid and enforceable and in full force and effect and the Corporation and TS Calgary are not in default with respect to the payment of any premium. The Corporation and TS Calgary have not received notice from any of the insurers regarding cancellation of such insurance policy.

(26) Bank Accounts and Powers of Attorney. Schedule 3.2(26) to the Disclosure Letter is a true, correct and complete list showing: (a) the name of each bank, trust company or similar institution in which the Corporation or TS Calgary has an account or safe deposit box, the number or designation of each such account and safe deposit box and the names of all persons authorized to draw thereon or to have access thereto; and (b) the names of any persons holding powers of attorney from the Corporation or TS Calgary and a summary of the terms.

(27) Tax Matters.

- (a) Each of the Corporation and TS Calgary have duly and in a timely manner filed all Tax returns required to be filed by it and all such returns were correct and complete in all material respects at the time of filing. The Corporation and TS Calgary have paid in a timely basis all Taxes, including instalments, which are due and payable, and has paid all assessments and reassessments, and all other taxes, governmental charges, penalties, interest and fines due and payable by it on or before the date hereof, other than those which are being contested in good faith and in respect of which reserves have been provided in the Corporation Financial Statements and the TS Calgary Financial Statements, respectively (if such reserves are required under ASPE). Adequate provision has been made on the Corporation Financial Statements and the TS Calgary Financial Statements for all Taxes assessed and all Taxes owing by the Corporation and TS Calgary, respectively that are not yet due and payable and that relate to periods ending on or prior to the date hereof in conformity with ASPE and all other applicable accounting rules and principles. There are no actions, suits, proceedings, investigations or claims outstanding, pending or, to the knowledge of any of the Vendors, threatened in respect of Taxes or assessments or any matters under discussion with any Regulatory Authority relating to Taxes or assessments asserted by any such authority. Neither the Corporation nor TS Calgary have received any refund of Taxes to which they are not entitled.
- (b) Neither the Corporation nor TS Calgary are a party to any material tax sharing agreement, tax indemnification agreement or other agreement or arrangement relating to Taxes with any person or Regulatory Authority. There are no outstanding agreements, arrangements, waivers or objections extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of Taxes or the filing of any Tax Return by, or any payment of Taxes by, the Corporation and TS Calgary.
- (c) The terms and conditions made or imposed in respect of every transaction (or series of transactions) between the Corporation and/or TS Calgary, and any person that is (x) a non-resident of Canada for purposes of the Tax Act, and (y) not dealing at arm's length with the Corporation and TS Calgary, as the case may be, for purposes of the Tax Act, do

not differ from those that would have been made between persons dealing at arm's length for purposes of the Tax Act, and all documentation or records as required by applicable Law has been made or obtained in respect of such transactions (or series of transactions).

- (d) There are no circumstances existing which could result in the application to the Corporation and TS Calgary of sections 17, 78, 80, 80.01, 80.02, 80.03, 80.04 of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada.
- (e) Neither the Corporation nor TS Calgary have acquired property from a Person not dealing at arm's length (for purposes of the Tax Act) with them in circumstances that would result in the Corporation and TS Calgary becoming liable to pay Taxes of such Person under subsection 160(1) of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada.
- (f) The Purchased Shares are not "taxable Canadian property" (within the meaning of the Tax Act) to the Vendors.
- (g) Neither the Corporation nor TS Calgary have acquired property or services from, or disposed of property or provided services to, a person with whom it does not deal at arm's length (within the meaning of the Tax Act) for an amount that is other than the fair market value of such property or services, nor have the Corporation and TS Calgary been deemed to have done so for purposes of the Tax Act.
- (h) The Corporation and TS Calgary, as applicable, have withheld from each payment made to all of its current and former officers, directors and employees, and from each other payment of any nature made to any person, the amount of all Taxes including, but not limited to, income tax, payroll taxes, employment taxes, pension plan premiums, social security premiums, workers' compensation premiums, employment insurance or compensation premiums, and other deductions required to be withheld therefrom and has paid the same to the applicable Regulatory Authority within the time required under applicable Laws.
- (i) The Corporation and TS Calgary are duly registered and have complied with all reporting, collection and remittance requirements in respect of all sales tax legislation in jurisdictions in which it sells its products.

(28) Leased Premises. Schedule 3.2(28) to the Disclosure Letter sets forth a complete and accurate list of each premises of the Corporation and TS Calgary which the Corporation or TS Calgary occupies as tenant (the "**Leased Premises**"), the Corporation or TS Calgary occupies the Leased Premises and has the exclusive right to occupy and use the Leased Premises and each of the leases pursuant to which the Corporation or TS Calgary occupies the Leased Premises is in good standing and in full force and effect, unamended, and the Corporation or TS Calgary is entitled to all benefits thereunder. The Corporation has delivered to the Purchaser true, correct and complete copies of all leases in respect of the Leased Premises.

(29) Environmental Matters. The assets and properties of the Corporation and TS Calgary and the operation of the Business, have been and are in compliance in all material respects with all Environmental Laws. The Corporation and TS Calgary has complied in all material respects with all reporting and monitoring requirements under all Environmental Laws, has never received any notice of any material

non-compliance in respect of any Environmental Laws and there are no Environmental Permits necessary to conduct the Business.

(30) Labour and Employment Matters.

- (a) Schedule 3.2(30) to the Disclosure Letter sets forth a complete and accurate list of all Employees, together with their titles, service dates, current wages, salaries or hourly rate of pay, benefits, vacation entitlement, commissions and bonus (whether monetary or otherwise) or other compensation paid since the date of incorporation of the Corporation or TS Calgary, as applicable, or payable to each such Employee.
- (b) There are no retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or other compensation plan or arrangement or other employee benefit plan that is maintained or otherwise contributed to, or required to be contributed to, by the Corporation or TS Calgary or under which the Corporation or TS Calgary has, or will have, any liability, or pursuant to which payments are made, or benefits are provided, or an entitlement to payments or benefits may arise with respect to any of its Employees or former employees of the Corporation or TS Calgary, individuals working on contract with the Corporation or TS Calgary or other individuals providing services to the Corporation or TS Calgary (or any spouses, dependants, survivors or beneficiaries of any such persons) (“**Employee Plans**”), other than any statutory benefit plans which the Corporation or TS Calgary is required to participate in or comply with, including the Canada Pension Plan and plans administered pursuant to applicable health, Tax, workplace safety insurance and employment insurance legislation. No Employee Plan is or is intended to be a “registered pension plan” as such term is defined in subsection 248(1) of the Tax Act.
- (c) There are no claims, pending claims or, to the knowledge of any of the Vendors, threatened claims pursuant to any Laws relating to Employees or former employees of Corporation or TS Calgary, including employment standards, human rights, labour relations, occupational health and safety, workers’ compensation, pay equity or employment equity. To the knowledge of the Vendors, nothing has occurred which might lead to a claim under any such Laws. There are no outstanding decisions, orders or settlements or pending settlements which place any obligation upon the Corporation or TS Calgary to do or refrain from doing any act.

(31) Intellectual Property. Schedule 3.2(31) to the Disclosure Letter is a complete and accurate list of all: (a) domestic and foreign patent applications and registered patents, registered or un-registered trademarks and trade names and business names, registered copyrights, industrial designs and internet domain name registrations, that are owned by or licensed to the Corporation or TS Calgary (together the “Business Intellectual Property”. To the Vendors’ knowledge: (i) the Business Intellectual Property as currently licensed or used by the Corporation or TS Calgary or both, and the Corporation’s and TS Calgary’s conduct of its business as currently conducted, do not infringe, violate or misappropriate the Intellectual Property of any person; and (ii) no person is infringing, violating or misappropriating any Corporate IP

(32) Privacy Matters. The Corporation and TS Calgary have conducted and are conducting the Business in compliance with all Laws applicable to privacy and the protection of personal information.

(33) Brokers. The Corporation and TS Calgary have not engaged any broker or other agent in connection with the Transaction and no commission, fee or other remuneration shall be payable by the Corporation or TS Calgary to any broker or agent who purports or may purport to act or have acted for the Corporation or TS Calgary in connection with the Transaction.

### 3.3 Representations and Warranties of the Purchaser.

The Purchaser hereby makes the following representations and warranties to the Vendors and acknowledges that the Vendors are relying on such representations and warranties in entering into this Agreement and completing the Transaction:

(1) Incorporation and Existence. The Purchaser is a corporation incorporated and existing under the *Business Corporations Act* (British Columbia).

(2) Validity of Agreement.

- (a) The Purchaser has all necessary corporate power to enter into and perform its obligations under this Agreement and the Ancillary Agreements to which it is a party.
- (b) The execution, delivery and performance by the Purchaser of this Agreement and the Ancillary Agreements to which it is a party and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser.
- (c) This Agreement and the Ancillary Agreements to which the Purchaser is a party constitute legal, valid and binding obligations of the Purchaser, enforceable against it in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

(3) Authorized and Issued Capital. The authorized share capital of the Purchaser consists of an unlimited number of common shares, of which 131,139,248 common shares are outstanding as fully paid and non-assessable as of the date hereof.

(4) Issuance of Consideration Shares. The Consideration Shares are, or will be prior to the Closing Time, duly authorized for issuance and, if and when issued in accordance with the terms of this Agreement, will be issued as fully paid and non-assessable common shares in the capital of the Purchaser.

(5) No Violation. The execution and delivery of this Agreement by the Purchaser, the consummation of the Transaction and the fulfilment by the Purchaser of the terms, conditions and provisions hereof will not (with or without the giving of notice or lapse of time, or both) contravene or violate or result in a breach or a default under or give rise to a right of termination, amendment or cancellation or the acceleration of any obligations of the Purchaser.

(6) Regulatory Consents. Other than the filing of certain forms and documents with the Exchange, including a Form 9, there is no requirement for the Purchaser to make any filing with, give any notice to or obtain any Consent from any Regulatory Authority as a condition to the lawful consummation of the Transaction by the Purchaser.

(7) Securities Laws. The Purchaser is a “reporting issuer” under applicable securities Laws in each of the Provinces of Ontario, Alberta and British Columbia, and is not in default of the requirements of the

applicable securities Laws in such jurisdictions. No delisting, suspension of trading in or cease trading order with respect to any securities of the Purchaser is in effect or ongoing or, to the knowledge of the Purchaser, expected to be implemented or undertaken. At the Closing, the Consideration Shares will be issued in compliance with Securities Laws.

#### 3.4 Survival of Covenants, Representations and Warranties of the Vendors.

To the extent that they have not been fully performed at or prior to the Closing Time, and unless otherwise provided, the covenants, representations and warranties of the Vendors contained in this Agreement and any agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement shall survive the Closing and shall continue for the benefit of the Purchaser for a period of two (2) years following the Closing Date notwithstanding such Closing and any investigation made by or on behalf of the Purchaser or any knowledge of the Purchaser, except that:

- (1) the representations and warranties set out in Section 3.1(1) to Section 3.1(7) (inclusive) shall survive the Closing and continue in full force and effect without limitation of time;
- (2) the representations and warranties set out in Section 3.2(1) to Section 3.2(7) (inclusive), Section 3.2(9) and 3.2(15) shall survive the Closing and continue in full force and effect without limitation of time;
- (3) the representations and warranties set out in Section 3.2(27) shall survive the Closing and continue in full force and effect until six (6) months after the expiration of the period, if any, during which an assessment or other form of recognized document assessing liability for Tax, interest or penalties under Laws applicable to Tax in respect of any taxation year to which such representations and warranties extend could be issued under such Laws to the Corporation or TS Calgary, including any additional period resulting from the Corporation or TS Calgary filing a waiver or other document extending such period prior to the Closing;
- (4) a claim for breach of any such representation or warranty, to be effective, must be asserted in writing on or prior to the applicable expiration time set out in this Section 3.4, provided that a claim for any breach of any of the representations and warranties contained in this Agreement or in any agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement involving wilful misconduct, fraud, fraudulent misrepresentation or intentional misrepresentation may be made at any time following the Closing Date, subject only to applicable limitation periods imposed by Law; and
- (5) no claim for any breach of any of the covenants, representations and warranties contained in this Agreement or in any agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement may be made after the applicable expiration time set out in this Section 3.4, notwithstanding that such breach was not objectively discoverable.

#### 3.5 Survival of Covenants, Representations and Warranties of the Purchaser.

To the extent that they have not been fully performed at or prior to the Closing Time, and unless otherwise provided, the covenants, representations and warranties of the Purchaser contained in this Agreement and in any agreement, instrument, certificate or other document delivered pursuant to this Agreement shall survive the Closing and shall continue for the benefit of the Vendors for a period of two (2) years following the Closing Date notwithstanding such Closing and any investigation made by or on behalf of the Vendors or any knowledge of the Vendors, except that:



- (1) the representations and warranties set out in Section 3.3(1) to Section 3.3(5) (inclusive) shall survive the Closing and shall continue in full force and effect without limitation of time;
- (2) a claim for breach of any such representation or warranty, to be effective, must be asserted in writing on or prior to the applicable expiration time set out in this Section 3.5, provided that a claim for any breach of any of the representations and warranties contained in this Agreement or in any agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement involving wilful misconduct, fraud, fraudulent misrepresentation or intentional misrepresentation may be made at any time following the Closing Date, subject only to applicable limitation periods imposed by Law; and
- (3) no claim for any breach of any of the covenants, representations and warranties contained in this Agreement or in any agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement may be made after the applicable expiration time set out in this Section 3.5, notwithstanding that such breach was not objectively discoverable.

## **ARTICLE 4 POST CLOSING COVENANTS**

### **4.1 Confidentiality**

From and after the Closing, the Vendors shall, and shall cause their respective Affiliates to, hold, and shall use its reasonable best efforts to cause their respective directors, officers, employees, agents and representatives to hold, in confidence any and all information, whether written or oral, concerning the Corporation, except to the extent that the Vendors can show that such information: (a) is generally available to and known by the public through no fault of the Vendors, any of their respective Affiliates or any of their respective representatives; or (b) is lawfully acquired by the Vendors, any of their respective Affiliates or any of their respective representatives from sources that are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation. If the Vendors, any of their respective Affiliates or any of their respective representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, the Vendors shall promptly notify the Purchaser in writing and shall disclose only that portion of such information that the Vendors is advised by their counsel in writing is legally required to be disclosed; provided that the Vendors shall use their reasonable best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

### **4.2 Non-Competition**

Each of the Vendors agrees not to become a Controlling Owner (as hereinafter defined) of a cannabis, or cannabis related, retail entity that could be considered, in the opinion of the Purchaser, acting reasonably, to compete with the Purchaser, TS Brandco Holdings Inc., the Corporation or TS Calgary operating in Alberta or Manitoba from and after Closing until July 1, 2019. For the purposes of this section, a Vendor Party shall be considered to be a “**Controlling Owner**” of a person if (a) the Vendor Party, acting alone, in conjunction, or in concert with one or more persons (including with such Vendor’s spouse or cohabiting relative), directly or indirectly, beneficially owns or exercises control or direction over securities of the person carrying votes which, if exercised, would entitle the Vendor Party to elect a majority of the directors of the person; (b) the person is a partnership, other than a limited partnership, and the Vendor Party holds more than 50% of the interests of the partnership, or (c) the person is a limited partnership and the general partner of the limited partnership is the Vendor Party.

#### 4.3 Non-Disparagement

From and after Closing until the date that is three years following the Closing Date, no Party shall make, publish or communicate to any person or entity or in any public forum any comments or statements (written or oral) that denigrate or disparage, discredit or cast a slur upon, or are detrimental to or likely to be injurious to, the goodwill, reputation or stature of any other Party or, in the case of comments or statements by any Vendor Party, of the Purchaser, TS Brandco Holdings Inc., the Corporation or TS Calgary or their respective businesses, or any of their respective employees, directors and officers, and existing and prospective customers, suppliers, investors and other associated third parties.

#### 4.4 Reasonableness

The Vendors acknowledge that the restrictions contained in this Article are reasonable and necessary to protect the legitimate interests of the Purchaser and constitute a material inducement to the Purchaser's entering into this Agreement and consummating the transactions contemplated by this Agreement. The covenants contained in this Article and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

### **ARTICLE 5 CLOSING ARRANGEMENTS**

#### 5.1 Place of Closing.

The Closing shall take place at the Closing Time at the offices of Wildeboer Dellelce LLP, counsel to the Purchaser, at 365 Bay Street, Suite 800, Wildeboer Dellelce Place, Toronto, Ontario, or such other place as may be agreed to by the Parties.

#### 5.2 Deliveries at the Closing.

At the Closing Time, upon fulfillment of all the conditions set out in Article 5 (or waiver thereof in writing by the Purchaser or the Vendors, as applicable): (a) the Vendors shall deliver to the Purchaser certificates evidencing all the Purchased Shares, duly endorsed for transfer or accompanied by irrevocable stock transfer powers of attorney duly executed, together with such other documents as are required or contemplated to be delivered by the Vendors pursuant to this Agreement; and (b) the Purchaser shall deliver to the Vendors the Consideration Shares, together with such other documents as are required or contemplated to be delivered by the Purchaser pursuant to this Agreement.

### **ARTICLE 6 TAX MATTERS**

#### 6.1 Access to Records.

For a period of six (6) years from the Closing Date, the Purchaser shall use reasonable commercial efforts to retain all original Records relating to the Corporation and TS Calgary that are part of the Records existing on the Closing Date that relate to the 6-year period prior to the Closing Date. So long as any such Records are retained by the Purchaser pursuant to this Agreement, the Vendors shall have the reasonable right to inspect and to make copies (at its own expense) of them at any time upon reasonable request

during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Corporation and TS Calgary. The Purchaser shall have the right to have its representatives present during any such inspection.

#### 6.2 Tax Matters.

(1) The Purchaser shall cause the Corporation and TS Calgary to prepare and file any Tax Returns of the Corporation and TS Calgary for any Pre-Closing Tax Period which are required to be filed after the Closing Date. Such returns shall be prepared and filed on a basis consistent with applicable Laws and the past practices and procedures of the relevant entity provided that no reserve may be claimed if any amount could be included in the income of the Corporation and TS Calgary for any period ending after the Closing Date. The Parties acknowledge that, at the option of the Purchaser, an election under subsection 256(9) of the Tax Act will be made in respect of the taxation year of the Corporation and TS Calgary ending (or otherwise ending) on or immediately prior to the Closing Date.

(2) The Vendor and the Purchaser will co-operate fully and assist each other and make available to each other in a timely fashion all data and other information as may reasonably be required for the preparation and filing of all Tax Returns of the Corporation and TS Calgary and will preserve that data and other information until the expiration of any applicable limitation period for maintaining Records under any applicable tax law with respect to such Tax Returns.

### **ARTICLE 7 INDEMNIFICATION**

#### 7.1 Indemnification by the Vendors.

(1) Subject to Section 3.4, each Vendor shall severally (and not jointly or jointly and severally) indemnify and save the Purchaser and its Affiliates, and their respective directors, officers, employees, agents and representatives harmless for and from any Loss suffered or incurred, directly or indirectly, as a result of or in connection with or relating to any breach, inaccuracy or non-performance of any representation, warranty or covenant on the part of such Vendor contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement.

(2) Subject to Section 3.4, the Vendors shall jointly and severally indemnify and save the Purchaser and its Affiliates, and their respective directors, officers, employees, agents and representatives harmless for and from any Loss suffered or incurred, directly or indirectly, as a result of or in connection with or relating to:

- (a) any breach, inaccuracy or non-performance of any representation, warranty or covenant under Section 3.1 or Section 3.2 of this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement;
- (b) debts and liabilities of the Corporation or TS Calgary (excluding liabilities for any Taxes) existing at the Closing Time and not disclosed or reflected in the Corporation Financial Statements or the TS Calgary Financial Statements, as applicable, except liabilities accruing or incurred subsequent to the applicable date of such financial statements in the Ordinary Course of Business or specifically disclosed in this Agreement;
- (c) contingent liabilities (excluding any contingent liabilities for any Taxes) which the Corporation or TS Calgary becomes obligated to pay and which exist at the Closing Time and

are not disclosed or reflected in the Corporation Financial Statements or the TS Calgary Financial Statements, as applicable, as at the applicable date of such financial statements, except liabilities accruing or incurred subsequent to the applicable date of such financial statements in the Ordinary Course of Business or specifically disclosed in this Agreement; or

- (d) any Taxes required to be paid by the Corporation or TS Calgary to an applicable Regulatory Authority in respect of the Pre-Closing Tax Period.

## 7.2 Indemnification by the Purchaser.

Subject to Section 3.5, the Purchaser shall indemnify and save the Vendors harmless for and from any Loss suffered by the Vendors as a result of any breach of representation, warranty or covenant on the part of the Purchaser contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement.

## 7.3 Notice of Claim.

(1) A Party entitled to and seeking indemnification pursuant to the terms of this Agreement (the “**Indemnified Party**”) shall promptly give written notice to the Party or Parties, as applicable, responsible for indemnifying the Indemnified Party (an “**Indemnifying Party**”) of any claim for indemnification pursuant to Section 7.1 or Section 7.2 (a “**Claim**”, which term shall include more than one Claim). Such notice shall specify whether the Claim arises as a result of a claim by a person against the Indemnified Party (a “**Third Party Claim**”) or whether the Claim does not so arise (a “**Direct Claim**”), and shall also specify with reasonable particularity (to the extent that the information is available): (a) the factual basis for the Claim; and (b) the amount of the Claim, or, if any amount is not then determinable, an approximate and reasonable estimate of the likely amount of the Claim.

(2) Unless the notification occurs after the expiration of the specified periods set out in Section 3.4 or 3.5 as applicable, the omission to notify the Indemnifying Party in accordance with this Section 7.3 will not relieve the Indemnifying Party from any obligation to indemnify the Indemnified Party.

## 7.4 Procedure for Indemnification – Direct Claims.

(1) With respect to Direct Claims, following receipt of notice from the Indemnified Party of a Claim, the Indemnifying Party shall have 30 days to make such investigation of the Claim as the Indemnifying Party considers necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim. If the Indemnified Party and the Indemnifying Party agree at or prior to the expiration of such 30 day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed upon amount of the Claim.

(2) If the Indemnified Party and the Indemnifying Party do not agree within the 30 day period (or any mutually agreed upon extension thereof) referred to in Section 7.4(1), the Indemnified Party shall be entitled to bring any action (or take any other proceedings it deems necessary or advisable) against the Indemnifying Party to recover the full amount of the Claim.

#### 7.5 Procedure for Indemnification – Third Party Claims.

With respect to any Third Party Claim, the Indemnifying Party shall have the right, at its own expense, to participate in or assume control of the negotiation, settlement or defence of such Third Party Claim and, in such event, the Indemnifying Party shall reimburse the Indemnified Party for all the Indemnified Party's out-of-pocket expenses incurred prior to such participation or assumption. If the Indemnifying Party elects to assume such control, the Indemnified Party shall cooperate with the Indemnifying Party, shall have the right to participate in the negotiation, settlement or defence of such Third Party Claim at its own expense and shall have the right to disagree on reasonable grounds with the selection and retention of counsel, in which case counsel satisfactory to the Indemnifying Party and the Indemnified Party shall be retained by the Indemnifying Party. If the Indemnifying Party, having elected to assume such control, thereafter fails to defend any such Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim. If the Indemnifying Party assumes the defence of a Third Party Claim, it shall be deemed to have acknowledged its obligation to indemnify and hold the Indemnified Party harmless with respect to the Third Party Claim in accordance with the terms of this Article 9.

#### 7.6 General Indemnification Rules.

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

- (1) Any Indemnification Claim arising as a result of a misrepresentation or incorrectness in or breach of any representation or warranty shall be made not later than the date on which, pursuant to Section 3.4 or Section 3.5, as applicable, such representation and warranty terminated.
- (2) If any Third Party Claim is of a nature such that the Indemnified Party is required by applicable law to make a payment to any person (a "**Third Party**") with respect to such Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnified Party may make such payment and the Indemnifying Party shall, forthwith after demand by the Indemnified Party, reimburse the Indemnified Party for any such payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party.
- (3) Whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnified Party shall not negotiate, settle, compromise or pay any Third Party Claim, except with the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld).
- (4) The Indemnified Party shall not permit any right of appeal in respect of any Third Party Claim to terminate without giving the Indemnifying Party notice and an opportunity to contest such Third Party Claim.
- (5) The Indemnified Party and the Indemnifying Party shall cooperate fully with each other with respect to Third Party Claims and shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available).

(6) The Indemnifying Party shall not settle any Third Party Claim or conduct any related legal or administrative proceeding in a manner which would, in the opinion of the Indemnified Party, acting reasonably, have a material adverse impact on the Indemnified Party, the Corporation or TS Calgary.

#### 7.7 Limitations on Indemnification by Vendors.

(1) In no event shall any Vendor be obligated to indemnify the Purchaser under Section 7.1 for any amount in respect of any Loss or Losses which individually or in the aggregate exceed that Vendor's Percentage Interest multiplied by the Purchase Price.

(2) No Vendor shall be obligated to indemnify the Purchaser under Section 7.1 until the aggregate amount of all Losses in respect of indemnification under Section 7.1 exceeds \$15,000 (the "**Basket**"), in which event the Vendors shall be required to pay or be liable for all such Losses from the first dollar, subject to Section 7.7(1). The indemnities given under Section 7.1(2)(a) (in respect of the representations in Sections 3.2(7) and 3.2(27)) and Section 7.1(2)(d) will not be subject to the Basket.

(3) The provisions of this Section 7.7 shall not apply in respect of any Losses incurred by the Purchaser or its Affiliates as a result of or arising from fraud or fraudulent or intentional misrepresentation of a Vendor.

#### 7.8 Limitations on Indemnification by Purchaser.

(1) In no event shall the Purchaser be obligated to indemnify the Vendors under Section 7.2 for any amount in respect of any Loss or Losses which individually or in the aggregate exceed the Purchase Price.

(2) Purchaser shall not be obligated to indemnify the Purchaser under Section 7.2 until the aggregate amount of all Losses in respect of indemnification under Section 7.2 exceeds the Basket, in which event the Purchaser shall be required to pay or be liable for all such Losses from the first dollar, subject to Section 7.2(2).

(3) The provisions of this Section 7.8 shall not apply in respect of any Losses incurred by the Vendors as a result of or arising from fraud or fraudulent or intentional misrepresentation of the Purchaser.

#### 7.9 Limitation of Liability

Except to the extent of an Indemnification Claim arising as a result of a Third Party Claim, in no event shall either party be liable to the other party or any third party for any indirect damages comprising loss of future revenue or income, whether arising out of breach of contract, tort (including negligence) or any other theory of liability.

#### 7.10 Tax Treatment of Indemnification Payments.

All indemnification payments made under this Agreement shall be treated by the Parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

**ARTICLE 8  
GENERAL**

8.1 Notices.

(1) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by facsimile or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows:

(a) if to the Vendors:

to the Vendors' Designated Representative at:

York Plains Investment Corp.  
1570-2002 Victoria Avenue  
Regina SK S4P0R7

with a copy to (which shall not constitute notice):

Chitiz Pathak LLP  
320 Bay Street, Suite 1600  
Toronto, Ontario M5H 4A6

Attention: Paul Pathak  
Email: PPathak@ChitizPathak.com

(b) if to the Purchaser:

Hiku Brands Company Ltd.  
6-2322 Dominion Road  
West Kelowna, British Columbia V1Z 2W8

Attention: Alan Gertner, Chief Executive Officer  
Email: agertner@hiku.com

with a copy to (which shall not constitute notice):

Wildeboer Dellelce LLP  
365 Bay Street, Suite 800  
Toronto, Ontario M5H 2V1

Attention Jeff Hergott  
Email: jhergott@wildlaw.ca

Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day, on the next following Business Day) or, if mailed, on the third Business Day following the date of mailing; provided, however, that if at the time of mailing or within three (3) Business Days thereafter there is or occurs a labour dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any

notice or other communication hereunder shall be delivered or transmitted by means of recorded electronic communication as described.

(2) Any Party may at any time change its address for service from time-to-time by giving notice to the other Parties in accordance with this Section 8.1.

#### 8.2 Public Announcements and Disclosure.

The Parties shall consult with each other before issuing any press release or making any other public announcement with respect to this Agreement or the Transaction, and no Party shall issue any such press release or make any such public announcement without the prior written consent of the others (which consent shall not be unreasonably withheld, conditioned or delayed); provided that the foregoing shall not in any manner restrict the Purchaser from issuing any press release or making any other public disclosure required pursuant to applicable securities laws or stock exchange requirements. Prior to any such press release or public announcement, none of the Parties shall disclose this Agreement or any aspect of the Transaction except to its board of directors, its senior management, its legal, accounting, financial or other professional advisors, any financial institution contacted by it with respect to any financing required in connection with the Transaction and counsel to such institution, or as may be required by any applicable Law or stock exchange having jurisdiction. The Vendors acknowledge that a copy of this Agreement may be required to be publicly filed by the Purchaser in accordance with applicable securities laws and stock exchange requirements and the Vendors hereby consent to such filing.

#### 8.3 Assignment.

The Purchaser may assign its rights under this Agreement in whole or in part to any other person; provided, however, that any such assignment shall not relieve the Purchaser from any of its obligations hereunder. The Vendors shall not assign their rights under this Agreement. This Agreement and the obligations of the Parties hereunder shall enure to the benefit of and be binding on any successor or permitted assign hereunder.

#### 8.4 Expenses.

Unless otherwise provided, each of the Vendors and the Purchaser shall be responsible for the expenses (including fees and expenses of legal advisers, accountants and other professional advisers) incurred by them, respectively, in connection with the negotiation and settlement of this Agreement and the completion of the Transaction and, for greater certainty, the Corporation and TS Calgary shall not pay any expenses of the Transaction and any such expenses shall be the responsibility of, and shall be paid for by, the Vendors. In the event of termination of this Agreement, the obligation of each Party to pay its own expenses will be subject to any rights of such Party arising from a breach of this Agreement by another Party.

#### 8.5 Further Assurances.

From time to time after the Closing Date, each of the Parties shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents, conveyances, transfers, assurances and things as the other Parties may reasonably require from time-to-time after Closing at the expense of the requesting Party for the purpose of giving effect to this Agreement and any Ancillary Agreements and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.



8.6 Specific Enforcement.

The Vendors recognize, acknowledge and agree that the Purchaser would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms and that any breach of this Agreement by the Vendors could not be adequately compensated in all cases by monetary damages alone. Accordingly, in addition to any other right or remedy to which the Purchaser may be entitled, at law or in equity, it shall be entitled to enforce any provision of this Agreement by a decree of specific performance and to temporary, preliminary and permanent injunctive relief to prevent any breach or threatened breach of any of the provisions of this Agreement, without posting bond or other undertaking. In the event that the Purchaser shall bring any action in equity to enforce the provisions of the Agreement, the Vendors shall not allege, and the Vendors hereby waive the defense, that there is an adequate remedy at Law.

8.7 Entire Agreement.

This Agreement, including all Schedules and the Disclosure Letter, constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether written or oral, including the email from Lorne Gertner to Shawn Dym sent on January 23, 2018 at 5:54 p.m. and all responses thereto. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter except provided in this Agreement. No reliance is placed by any Party on any warranty, representation, opinion, advice or assertion of fact made by any Party or its directors, officers, employees, agents or representatives, to any other Party or its directors, officers, employees, agents or representatives, except to the extent that it has been reduced to writing and included in this Agreement.

8.8 Waiver, Amendment.

Except as expressly provided in this Agreement, no amendment or waiver of any provision of this Agreement shall be binding unless executed in writing. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

8.9 Rights Cumulative.

The rights and remedies of the Parties are cumulative and not alternative.

8.10 Independent Legal Advice.

Each Vendor acknowledges that he or it: (i) has received a copy of, and has had sufficient time to review and consider, this Agreement and the Ancillary Agreements; (ii) has read and understand the terms of this Agreement and the Ancillary Agreements and his or its obligations hereunder and thereunder; (iii) has entered into this Agreement and the Ancillary Agreements voluntarily; (iv) has been given an opportunity to obtain independent legal advice, or other advice as he or it may desire, concerning the interpretation and effect of this Agreement and the Ancillary Agreements; and (v) by signing this Agreement, confirms he or it has either obtained independent legal advice or voluntarily waived the opportunity to receive that advice.

8.11 Counterparts.

This Agreement may be executed in any number of counterparts, and/or by facsimile or e-mail transmission of Adobe Acrobat files, each of which shall constitute an original and all of which, taken together, shall constitute one and the same instrument.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF this Agreement has been executed by the Parties as of the date set forth above.

**GREEN ACRE CAPITAL FUND I LP by its general partner GREEN ACRE CAPITAL FUND INC.**

Per:           (signed) "Matt Shalhoub"            
Name: Matt Shalhoub  
Title: Managing Director

**KITCHENER INVESTMENT CORP.**

Per:           (signed) "Geoffrey Walker"            
Name: Geoffrey Walker  
Title: Secretary

**YORK PLAINS INVESTMENT CORP.**

Per:           (signed) "Jason Drummond"            
Name: Jason Drummond  
Title: President

          (signed) "Tom Carefoot"            
**TOM CAREFOOT**

          (signed) "Mike Ash"            
**MIKE ASH**

          (signed) "Jeremy Drummond"            
**JEREMY DRUMMOND**

          (signed) "Matt Pinch"            
**MATT PINCH**

          (signed) "Greg Hooker"            
**GREG HOOKER**

\_\_\_\_\_  
(signed) "*Mark Vasey*"  
**MARK VASEY**

\_\_\_\_\_  
(signed) "*Craig Van Eyck*"  
**CRAIG VAN EYCK**

**HIKU BRANDS COMPANY LTD.**

Per: \_\_\_\_\_ (signed) "*Alan Gertner*"  
Name: Alan Gertner  
Title: Chief Executive Officer