

## SHARE EXCHANGE AGREEMENT

THIS AGREEMENT is entered into as of October, 2014 (the “**Effective Date**”).

AMONG:

**THELON CAPITAL CORP.**, a company incorporated under the laws of British Columbia, and having a business address located at Suite 1500 – 888 Dunsmuir Street, Vancouver, British Columbia, Canada V6C 3K4

(the “**Purchaser**”)

AND:

**T.H.C. MEDICAL SYSTEMS LTD.**, a company incorporated under the laws of British Columbia, and having a registered office at 200 – 1455 Ellis Street, Kelowna, British Columbia, Canada V1Y 2A3

(“**THC Medical**”);

AND:

**THC MEDS INC.**, a company incorporated under the laws of British Columbia, and having a registered office at 200 – 1455 Ellis Street, Kelowna, British Columbia, Canada V1Y 2A3

(“**THC Meds**” and together with **THC Medical**, the “**Companies**”);

AND:

**THE SHAREHOLDERS OF THE COMPANIES**, as listed in Schedule “A”

(the Shareholders collectively, the “**Vendor**”)

(each, a “**Party**” and collectively, the “**Parties**”)

### WHEREAS:

A. The Purchaser is a reporting company engaged in becoming an MMPR licensed producer and developing and supplying technologies, products and services to support licensed producers under the MMPR (the “**Purchaser’s Business**”) and has conditional approval to have its common shares listed for trading on the CSE;

B. The Companies are private companies and have applied for producer’s licenses under the MMPR (the “**Companies’ Business**”);

C. The Vendor is the legal and beneficial owner of all of the presently issued and outstanding common shares in the capital of the Companies; the particulars of the registered and beneficial ownership of such common shares being set forth in Schedule “A” which is attached hereto and which forms a material part hereof;

D. As a consequence of recent discussions and negotiations as between the Parties, the Vendor has agreed to sell, and the Purchaser has agreed to acquire, subject to the prior satisfaction of certain conditions precedent to the satisfaction of the Purchaser, all of the issued and outstanding common shares in the capital of the Companies (collectively, the **“Purchased Shares”** and each a **“Purchased Share”**); and

E. The Parties have agreed to enter into this Share Exchange Agreement (the **“Agreement”**) which formalizes and replaces, in their entirety, all such recent discussions and negotiations, including the Letter of Intent signed between the Parties on September 9, 2014, and which clarifies each of the Parties’ respective duties and obligations in connection with the proposed purchase by the Purchaser from the Vendor of all of the Purchased Shares together with the further development of the Companies’ Business as a consequence thereof.

**NOW THEREFORE** the Parties agree as follows:

## **ARTICLE 1 DEFINITIONS**

### **1.1 Definitions.**

For the purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following words and phrases shall have the following meanings:

- (a) **“Acquisition Proposal”** has the meaning ascribed to it in Section 2.7 hereof;
- (b) **“Agreement”** means this Share Exchange Agreement as entered into among the Vendor, the Companies and the Purchaser, together with any Schedules attached hereto and any amendments made to either of the agreement or Schedules;
- (c) **“Arbitration Act”** means the *British Columbia International Commercial Arbitration Act*, as amended from time to time, and the rules and regulations promulgated therein, as set forth in ARTICLE 12 hereof;
- (d) **“B.C. Securities Act”** means the *Securities Act* (British Columbia), as amended, and all the regulations, rules and forms promulgated under the *Securities Act*, and the blanket rulings and orders promulgated by the British Columbia Securities Commission;
- (e) **“Board of Directors”** means, as applicable, the respective Board of Directors of the relevant Party as duly constituted from time to time;
- (f) **“business day”** means any day during which chartered banks are open for business in the City of Vancouver, British Columbia, Canada;
- (g) **“Business Documentation”** means any and all records and other factual data and information relating to the Companies’ business interests and assets and including, without limitation, all plans, agreements and records which are in the possession or control of the Vendor or the Companies in that respect;
- (h) **“Closing”** has the meaning ascribed to it in Section 6.1 hereof;

- (i) **"Closing Date"** has the meanings ascribed to it in Section 6.1 hereof;
- (j) **"Commission"** means the British Columbia Securities Commission; **"Companies"** means THC Meds and THC Medical, companies duly incorporated under the laws of British Columbia;
- (k) **"Companies' Assets"** means all assets and Intellectual Property of the Companies;
- (l) **"Companies' Business"** has the meaning ascribed to it Recital B hereof;
- (m) **"Companies' Financial Statements"** has the meaning ascribed to it in Section 3.4 hereof;
- (n) **"Companies' Private Placement"** has the meaning ascribed to in Section 5.5(g) hereof;
- (o) **"Earn-Out Shares"** has the meaning ascribed to it in Section 2.2 hereof;
- (p) **"Confidential Information"** has the meaning ascribed to it in Section 9.1 hereof;
- (q) **"Consideration Share"** has the meaning ascribed to it in Section 2.2 hereof, and **"Consideration Shares"** means all shares issued as part of the Purchase Price;
- (r) **"CSE"** means the Canadian Securities Exchange;
- (s) **"Defaulting Party"** and **"Non-Defaulting Party"** have the meanings ascribed to them in Section 13.1 hereof;
- (t) **"Effective Date"** has the meaning ascribed to it on the front page of this Agreement;
- (u) **"Financing"** has the meaning ascribed to it in Section 4.1(m) hereof;
- (v) **"Indemnified Party"** and **"Indemnified Parties"** have the meanings ascribed to them in Section 14.1 hereof;
- (w) **"Intellectual Property"** means, with respect to the Companies, all right and interest to all patents, patents pending, inventions, know-how, any operating or identifying name or registered or unregistered trademarks and tradenames, all computer programs, licensed end-user software, source codes, products and applications (and related documentation and materials) and other works of authorship (including notes, reports, other documents and materials, magnetic, electronic, sound or video recordings and any other work in which copyright or similar right may subsist) and all copyrights (registered or unregistered) therein, industrial designs (registered or unregistered), franchises, licenses, authorities, restrictive covenants or other industrial or intellectual property used in or pertaining to the Companies and including, without limitation, all lists of customers, documents, records, correspondence and other information pertaining to the Companies;

- (x) **“Investor Funds”** has the meaning ascribed to in Section 5.5(g) hereof;
- (y) **“MMPR”** means the *Marijuana for Medical Purposes Regulations* 2013, made pursuant to subsection 55(1) of the *Controlled Drugs and Substances Act*, as amended;
- (z) **“Parties”** or **“Party”** means, respectively, collectively and individually, as the context so requires, the Vendor, the Companies, and/or the Purchaser, as the case may be, together with their respective successors and permitted assigns as the context so requires;
- (aa) **“person”** or **“persons”** means an individual, corporation, partnership, party, trust, fund, association and any other organized group of persons and the personal or other legal representative of a person to whom the context can apply according to law;
- (bb) **“Purchase Price”** has the meaning ascribed to it in Section 2.2 hereof;
- (cc) **“Purchased Share”** and **“Purchased Shares”** have the meaning ascribed to them in Recital D hereof; the particulars of the registered and beneficial ownership of such Purchased Shares being set forth in Schedule “A” which is attached hereto;
- (dd) **“Purchaser”** means Thelon Capital Corp., a reporting company incorporated pursuant to the laws of British Columbia and whose common shares have received conditional approval to be listed for trading on the CSE;
- (ee) **“Purchaser’s Business”** has the meaning ascribed to it in Recital A hereinabove;
- (ff) **“Regulatory Approval”** means the acceptance for filing, if required, of the transactions contemplated by this Agreement by the Regulatory Authorities;
- (gg) **“Regulatory Authority”** and **“Regulatory Authorities”** means, either singularly or collectively as the context so requires, any regulatory agencies who have or who may have jurisdiction over the affairs of the Companies, the Vendor and the Purchaser herein and including, without limitation, and where applicable, all applicable securities commissions, the Commission, and all other regulatory authorities from whom any such authorization, approval or other action is required to be obtained or to be made in connection with the transactions contemplated by this Agreement;
- (hh) **“Stock Restriction Agreement”** has the meaning ascribed to it in Section 2.4 hereof;
- (ii) **“TSXV”** means the TSX Venture Exchange;
- (jj) **“Transfer Agent”** means the Purchaser’s existing registrar and transfer agent for its common shares, or any successor Transfer Agent, however formed, whether as a result of merger, amalgamation or other action;

(kk) **“Vendor”** means the shareholders of the Companies, who have executed this Agreement as a Party.

## 1.2 Schedules.

For the purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following shall represent the Schedules which are attached to this Agreement and which form a material part hereof:

<u>Schedule</u>	<u>Description of Schedule</u>
Schedule “A”	Purchased Shares and Vendor
Schedule “B”	Stock Restriction Agreement

## 1.3 Interpretation.

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

- (a) the words “herein”, “hereof”, “hereunder”, “hereinabove” and “hereinbelow” and other words of similar import refer to this Agreement as a whole and not to any particular Article, section or other subdivision of this Agreement;
- (b) any reference to an entity shall include and shall be deemed to be a reference to any entity that is a permitted successor to such entity; and
- (c) words in the singular include the plural and words in the masculine gender include the feminine and neuter genders, and vice versa.

## ARTICLE 2 PURCHASE AND SALE AND CONDITIONS THEREON

### 2.1 Purchase and sale.

Subject to the terms and conditions hereof and based upon the representations, warranties and covenants contained in ARTICLE 3 and ARTICLE 4 hereof and the prior satisfaction of the conditions precedent which are set forth in ARTICLE 5 hereof, the Vendor hereby agree to assign, sell and transfer at the **“Closing Date”** all of their respective right, entitlement and interest in and to all of the Purchased Shares to the Purchaser and the Purchaser hereby agrees to purchase all of the Purchased Shares from the Vendor on the terms and subject to the conditions contained in this Agreement.

### 2.2 Purchase Price.

- (a) The total purchase price (collectively, the **“Purchase Price”**) for all of the Purchased Shares will be satisfied by the issuance and delivery by the Purchaser to the order and direction of the Vendor, in accordance with Section 2.3 hereof of an aggregate of 46,600,000 common shares in the capital of the Purchaser (each such share of the Purchaser referred to as a **“Consideration Share”**), at a deemed issuance price to be determined by the Purchaser on the Closing Date. 33,200,000 common shares in the capital of the Purchaser will be added to the Consideration Shares in the event that either Company acquires an MMPR License by the Closing Date. In the event that an

MMPR License is obtained by either Company following the Closing, the 33,200,000 common shares of the Purchaser will be issued as earn-out shares, *pro rata*, to the former shareholders of the Companies (the “**Earn-Out Shares**”);

- (b) The number of common shares in the capital of the Purchaser included in the Consideration Shares is subject to the approval of the CSE. In the event the number of Consideration Shares to be issued is not approved By the CSE, the Parties acknowledge and agree the number of Consideration Shares will be reduced to a number acceptable to the CSE.

### **2.3 Disbursement of Shares.**

On the Closing Date, the Purchaser will issue the Consideration Shares to the Vendor. The issuances will be as set out in Schedule “A”.

### **2.4 Resale restrictions and legending of share certificates.**

- (a) Pursuant to the listing requirements of the CSE, prior to the Closing Date, the Vendor will execute and deliver to the Purchaser a stock restriction agreement in the form attached as Schedule “B” for any shares in the capital of the Purchaser which the Parties hold control over (the “**Stock Restriction Agreement**”);
- (b) The Vendor acknowledges and understands that the certificates representing the Earn-Out Shares will be stamped with the following legend (or substantially equivalent language) restricting transfer in the following manner:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [INSERT DATE THAT IS 4 MONTHS AND A DAY AFTER THE DISTRIBUTION DATE].”

- (c) Any shares of the Purchaser that are subject to a Stock Restriction Agreement will be stamped with the following legend (or substantially equivalent language) restricting transfer in the following manner:

“THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON SALE OR OTHER TRANSFER PURSUANT TO AN AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER (OR SUCH HOLDER’S PREDECESSOR IN INTEREST), A COPY OF WHICH IS ON FILE AT THE REGISTERED OFFICE OF THE COMPANY. ANY TRANSFER OR ATTEMPTED TRANSFER OF ANY SHARES SUBJECT TO THE AGREEMENT IS VOID WITHOUT THE PRIOR EXPRESS WRITTEN CONSENT OF THE COMPANY.”

- (d) The Vendor hereby acknowledges and agrees that the Purchaser makes no representations as to any resale or other restriction affecting the Consideration Shares and that it is presently contemplated that the Consideration Shares will be issued by the Purchaser to the Vendor pursuant to prospectus and registration exemptions provided under National Instrument 45-106 - Prospectus and Registration Exemptions of the

Canadian Securities Administrators and acknowledges that: (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Consideration Shares to be issued to the Vendor pursuant to this Agreement; (ii) there is no government or other insurance covering the Purchased Shares; (iii) there are risks associated with ownership of the Consideration Shares; (iv) there are restrictions on the Vendor's ability to resell the Consideration Shares and it is the responsibility of the Vendors to find out what those restrictions are and to comply with them before selling the Consideration Shares; and (v) if the Purchaser relies on an exemption from the requirements to provide the Vendors with an offering memorandum, then, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the B.C. Securities Act, including statutory rights of rescission or damages, will not be available to the Vendor.

## **2.5 Costs.**

Each Party shall bear its own costs in relation to the negotiation and formalization of this Agreement and the matters contemplated thereby, including any legal fees, accounting, regulatory and filing fees and expenses.

## **2.6 Standstill provisions.**

In consideration of the Parties' agreement to purchase and sell the Purchased Shares and to enter into the terms and conditions of this Agreement, the Companies and Vendor hereby undertakes for themselves, and for each of their respective agents and advisors, that they will not until the termination of this Agreement approach or consider any other potential purchasers, or make, invite, entertain or accept any offer or proposal for the proposed sale of any interest in and to any of the Purchased Shares or the Companies' Assets or the respective business interests of the Companies, as the case may be, without the Purchaser's prior written consent. In this regard each of the Parties hereby acknowledge that the foregoing restrictions are important to the business of the Purchaser and that a breach by the Companies or the Vendor of any of the covenants herein contained would result in irreparable harm and significant damage to the Purchaser that would not be adequately compensated for by monetary award. Accordingly, the Companies and the Vendors hereby agree that, in the event of any such breach, the Purchaser will be entitled as a matter of right to apply to a court of competent equitable jurisdiction for relief by way of restraining order, injunction, decree or otherwise as may be appropriate to ensure compliance with the provisions hereof.

## **2.7 Additional covenants regarding non-solicitation**

- (a) When used in this Agreement, "Acquisition Proposal" means other than the transaction provided for in this Agreement: (i) any merger, take-over bid, amalgamation, plan of arrangement, business combination, consolidation, recapitalization, liquidation, dissolution or winding-up in respect of the Companies or the Vendor; (ii) any sale or acquisition of 20% or more of the fair market value of the assets of the Companies or the Vendor on a consolidated basis; (iii) any sale or acquisition of 20% or more of the Companies' or of the Vendor's shares of any class or rights or interests therein or thereto; or (vi) any similar business combination or transaction, of or involving the Companies or the Vendor, other than pursuant to this Agreement; or (vii) any proposal or offer to, or public announcement of an intention to do, any of the foregoing from any person other than the Purchaser.

- (b) Except as may be required by the Companies or the Vendor, or such Party's directors, in order to comply with any statutory or fiduciary obligation, the Companies or the Vendor will not, directly or indirectly, through any officer, director, employee, representative (including for greater certainty any financial or other advisors) or agent take any action to: (i) solicit, assist, initiate, encourage or otherwise knowingly facilitate (including by way of furnishing non-public information, or entering into any form of written or oral agreement) any inquiries, proposals or offers regarding any Acquisition Proposal; (ii) engage in any discussions or negotiations regarding, or provide any confidential information with respect to, any Acquisition Proposal; (iii) approve or recommend, or remain neutral with respect to, or propose publicly to approve or recommend, or remain neutral with respect to, any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal until 15 calendar days following the public announcement of such Acquisition Proposal will not be considered to be a violation of this subsection 2.7(b); or (iv) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, arrangement or undertaking related to any Acquisition Proposal.
  
- (c) The Companies or the Vendor will promptly (and in any event within 24 hours after it has received an Acquisition Proposal) notify the Purchaser, at first orally and then in writing, of such Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to a Purchaser received by the Companies or the Vendor or of which the Companies or the Vendor's directors, officers, representatives or agents are or became aware, or any amendments to the foregoing. Such notice will include a description of the terms and conditions of, and the identity of the person making the Acquisition Proposal (including any amendment thereto) and will include copies of any such Acquisition Proposal or any amendment thereto. The Companies or the Vendor will also provide such other details of the Acquisition Proposal or any amendment thereto, as the Purchaser may reasonably request.

**ARTICLE 3  
REPRESENTATIONS, WARRANTIES AND COVENANTS  
BY EACH OF THE VENDOR AND THE COMPANY**

**3.1 General representations, warranties and covenants by the Vendor**

In order to induce the Purchaser to enter into and consummate this Agreement, the Vendor hereby represents to, warrants to and covenants with the Purchaser, with the intent that the Purchaser will rely thereon in entering into this Agreement and in concluding the transactions contemplated herein, that, to the best of the knowledge, information and belief of the Vendor, after having made due inquiry:

- (a) this Agreement constitutes a legal, valid and binding obligation of the Vendor enforceable against the Vendor in accordance with its terms, except as enforcement may be limited by laws of general application affecting the rights of creditors;
  
- (b) the Vendor has good and marketable title to and is the legal and beneficial owner of the Purchased Shares set out beside its name in Schedule "A", and the



Purchased Shares are fully paid and non-assessable and are free and clear of liens, charges, encumbrances, pledges, mortgages and adverse claims of any and all nature whatsoever and including, without limitation, options, pre-emptive rights and other rights of acquisition in favour of any person, whether conditional or absolute;

- (c) the Vendor has the power and capacity to own and dispose of the Purchased Shares, and the Purchased Shares are not subject to any voting or similar arrangement or right capable of becoming an agreement for the purchase of any of the Purchased Shares;
- (d) the Vendor acknowledges that the Consideration Shares will be issued under certain exemptions from the registration and prospectus filing requirements otherwise applicable under the B.C. Securities Act, and all applicable securities laws, and that, as a result, the Vendor may be restricted from using most of the remedies that would otherwise be available to the Vendor, the Vendor will not receive information that would otherwise be required to be provided to the Vendor and the Purchaser is relieved from certain obligations that would otherwise apply to the Purchaser, in either case, under applicable securities legislation;
- (e) the Vendor realizes that the sale of the Purchased Shares in exchange for the Consideration Shares will be a highly speculative investment and that the Vendor should be able, without impairing the Vendor's financial condition, to hold the Consideration Shares for an indefinite period of time and to suffer a complete loss on such investment. In addition, the Vendor has such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of the prospective investment;
- (f) the Vendor acknowledges that:
  - (i) the transfer of the Purchased Shares and the issuance of the Consideration Shares in exchange for such Purchased Shares will be made pursuant to appropriate exemptions from the formal take-over bid and prospectus requirements of the B.C. Securities Act;
  - (ii) as a consequence of acquiring the Consideration Shares pursuant to the foregoing exemptions:
    - (A) the Vendor is restricted from using certain civil remedies available under applicable securities laws;
    - (B) the Vendor may not receive information that might otherwise be required to be provided to the Vendor, and the Purchaser is relieved from certain obligations that would otherwise apply if the exemptions were not being relied upon by the Purchaser;
    - (C) there is no government or other insurance covering the Consideration Shares;

- (D) there are risks associated with the acquisition of the Consideration Shares; and
- (E) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Consideration Shares.

### **3.2 General representations, warranties and covenants by the Companies.**

In order to induce the Purchaser to enter into and consummate this Agreement, the Companies hereby represent to, warrant to and covenant with the Purchaser, with the intent that the Purchaser will rely thereon in entering into this Agreement and in concluding the transactions contemplated herein, that, to the best of the knowledge, information and belief of the Companies, after having made due inquiry:

- (a) the Companies are duly incorporated under the laws of its jurisdiction of incorporation, is validly existing and in good standing with respect to all statutory filings required by applicable corporate law;
- (b) the Companies have the requisite power, authority and capacity to carry on the Companies' Business as presently conducted by it;
- (c) the execution and delivery of this Agreement and the agreements contemplated hereby have been duly authorized by all necessary action, corporate or otherwise;
- (d) there are no other consents, approvals or conditions precedent to the performance of this Agreement which have not been obtained;
- (e) this Agreement constitutes a legal, valid and binding obligation of the Companies, enforceable against the Companies in accordance with its terms, except as enforcement may be limited by laws of general application affecting the rights of creditors;
- (f) no proceedings are pending for, and the Companies are unaware of, any basis for the institution of any proceedings leading to the dissolution or winding up of the Companies, or the placing of it in bankruptcy or subject to any other laws governing the affairs of insolvent companies or persons;
- (g) to the actual knowledge, information and belief of the Companies, the making of this Agreement and the completion of the transactions contemplated hereby and the performance of and compliance with the terms hereof does not and will not:
  - (i) conflict with or result in a breach of or violate any of the terms, conditions or provisions of the Companies' constating documents;
  - (ii) conflict with or result in a breach of or violate any of the terms, conditions or provisions of any law, judgment, order, injunction, decree, regulation or ruling of any court or governmental authority, domestic or foreign, to which the Companies are subject, or constitute or result in a default under

- any agreement, contract or commitment to which the Companies are a party;
- (iii) give to any party the right of termination, cancellation or acceleration in or with respect to any agreement, contract or commitment to which the Companies are a party;
  - (iv) give to any government or governmental authority, including any governmental department, commission, bureau, board or administrative agency, any right of termination, cancellation or suspension of, or constitute a breach of or result in a default under, any permit, license, control or authority issued to the Companies which is necessary or desirable in connection with the conduct and operations of the Companies' Business and the ownership of the Companies' Assets; or
  - (v) constitute a default by the Companies, or any event which, with the giving of notice or lapse of time or both, might constitute an event of default, under any agreement, contract, indenture or other instrument relating to any indebtedness of the Companies which would give any party to that agreement, contract, indenture or other instrument the right to accelerate the maturity for the payment of any amount payable under that agreement, contract, indenture or other instrument; and
- (h) the Companies are not aware of any fact or circumstance which has not been disclosed to the Purchaser which should be disclosed in order to prevent the representations and warranties contained in this section from being misleading or which would likely affect the decision of the Purchaser to enter into this Agreement.

### **3.3 Representations, warranties and covenants by the Companies respecting the Purchased Shares.**

In order to induce the Purchaser to enter into and consummate this Agreement, the Companies hereby represents to, warrants to and covenants with the Purchaser, with the intent that the Purchaser will also rely thereon in entering into this Agreement and in concluding the transactions contemplated herein, that, to the best of the knowledge, information and belief of the Companies, after having made due inquiry:

- (a) the presently authorized and issued share capital of the Companies is as described in Schedule "A" which is attached hereto and which forms a material part hereof, and there are no other shares in the capital of the Companies, issued or allotted or agreed to be issued or allotted, to any person;
- (b) there are no actions, suits, proceedings or investigations (whether or not purportedly against or on behalf of the Vendor or the Companies), pending or threatened, which may affect, without limitation, the rights of the Vendor to transfer any of the Purchased Shares to the Purchaser at law or in equity, or before or by any federal, state, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, and, without limiting the generality of the foregoing, there are no claims or potential claims under any relevant family relations legislation or other

equivalent legislation affecting the Purchased Shares. In addition, the Companies is not now aware of any existing ground on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success;

- (c) no other person, firm or corporation has any agreement, option or any unissued shares in the capital of the Companies and from the Effective Date up to and including the Closing Date and the Companies has not committed to making, and until the Closing Date will not make or commit itself, without the written consent of the Purchaser, to provide any person with any agreement, option or right, consensual or arising by law, present or future, contingent or absolute, or capable of becoming an agreement, option or right to require the Companies to issue any further or other shares in its share capital, or any other security convertible or exchangeable into shares in its share capital, or to convert or exchange any securities into or for shares in its share capital; and
- (d) the Companies is not aware of any fact or circumstance which has not been disclosed to the Purchaser which should be disclosed in order to prevent the representations and warranties contained in this section from being misleading or which would likely affect the decision of the Purchaser to enter into this Agreement.

### **3.4 Representations, warranties and covenants by the Companies respecting the Companies' Assets and the Companies' Business.**

In order to induce the Purchaser to enter into and consummate this Agreement, the Companies hereby represent to, warrant to and covenant with the Purchaser, with the intent that the Purchaser will also rely thereon in entering into this Agreement and in concluding the transactions contemplated herein, that, to the best of the knowledge, information and belief of the Companies, after having made due inquiry:

- (a) the Companies have prepared and submitted one or more applications, to become a licensed producer of marijuana under the MMPR involving facilities which may be located in Kelowna, British Columbia. The Companies' Presidents, John Miller and Hee Jung Chun, are listed on the application as being the senior person in charge;
- (b) the Companies own and possess and have good and marketable title to and possession of all of the Companies' Assets free and clear of all actual or threatened liens, charges, options, encumbrances, voting agreements, voting trusts, demands, limitations and restrictions of any nature whatsoever;
- (c) except for the receipt of a producer's licenses under the MMPR, the Companies hold all licenses and permits required for the conduct in the ordinary course of the operations of the Companies' Business and for the uses to which the Companies' Assets have been put and are in good standing, and such conduct and uses are in compliance with all applicable laws, and other restrictions, rules, regulations and ordinances applicable to the Companies and to the Companies' Business and the Companies' Assets, and neither the execution and delivery of this Agreement nor the completion of the transactions contemplated hereby will give any person the right to terminate or cancel any said license or permit or affect such compliance;

- (d) except for liabilities which have been disclosed to the Purchaser, there are no other material liabilities, contingent or otherwise, existing on the Effective Date in respect of which the Companies may be liable on or after the completion of the transactions contemplated by this Agreement other than:
  - (i) liabilities disclosed or referred to in this Agreement; and
  - (ii) liabilities incurred in the ordinary course of business, none of which are materially adverse to the business, operations, affairs or financial conditions of the Companies;
- (e) no dividend or other distribution by the Companies has been made, declared or authorized since its incorporation, and from the Effective Date up to and including the Closing Date the Companies has not committed to making and until the Closing Date will not make or commit itself, without the written consent of the Purchaser, to confer upon, or pay to or to the benefit of, any entity, any benefit having monetary value, any bonus or any salary increases except in the normal course of its business;
- (f) there is no basis for and there are no actions, suits, judgments, investigations or proceedings outstanding or pending or, to the best of the knowledge, information and belief of the Companies, after having made due inquiry, threatened against or affecting the Companies at law or in equity or before or by any federal, state, municipal or other governmental department, commission, board, bureau or agency;
- (g) the Companies are not in breach of any laws, ordinances, statutes, regulations, by-laws, orders or decrees to which it is subject or which apply to it;
- (h) the Companies have not experienced, nor are the Companies aware of, any occurrence or event which has had, or might reasonably be expected to have, a materially adverse effect on the Companies' Business, the Companies' Assets or on the results of the Companies' operations;
- (i) the Companies hold or have applied for all permits, licenses, consents and authorities issuable by any federal, provincial or municipal government or agency thereof which are necessary or desirable in connection with its operations;
- (j) there is not now, and there will not be by the Closing Date, any proceeding, claim or, to the best of the knowledge, information and belief of the Companies, after having made due inquiry, any investigation by any federal, provincial or municipal taxation authority, or any matters under discussion or dispute with such taxation authorities, in respect of taxes, governmental charges, assessments or reassessments in connection with the Companies, and the Companies are not aware of any contingent tax liabilities or any grounds that could result in an assessment, reassessment, charge or potentially adverse determination by any federal, provincial or municipal taxation authority as against the Companies;
- (k) adequate provision has been made and will be made for taxes payable by the Companies for the current period for which a tax return is not yet required to be filed and, to the best of the knowledge, information and belief of the Companies,

after having made due inquiry, there are no contingent tax liabilities of the Companies or any grounds which would prompt a re-assessment of the Companies and including without limitation, the aggressive treatment of income and expenses in the filing of earlier tax returns by the Companies;

- (l) all amounts required to be withheld for taxes by the Companies from payments made to any present or former shareholders, officers, directors, non-resident creditors, employees, associates or consultants have been withheld and paid on a timely basis to the proper governmental body pursuant to applicable legislation;
- (m) the Companies' Intellectual Property does not infringe the rights of any other person;
- (n) the Companies has good and marketable title to all of the Companies' Intellectual Property, Companies' Assets, free and clear of all encumbrances, and none of the Companies' Business or the Companies' Assets are in the possession of or under the control of any other person;
- (o) the books and records of the Companies are true and correct in every material respect, fairly reflect the business, property, the Companies' Assets and any such books and records;
- (p) no payments of any kind have been made or authorized by or on behalf of the Companies to or on behalf of the Vendor or to or on behalf of any directors, officers, shareholders or employees of the Companies or under any management agreements with the Companies other than in the ordinary course of business;
- (q) neither the directors, officers or employees of the Companies, are now indebted or under obligation to the Companies on any account whatsoever other than in the ordinary course of business;
- (r) the audited balance sheets for the Companies plus any unaudited balance sheets for the Companies, together with related statements of income, cash flows and changes in shareholder's equity for such fiscal years and interim periods ended prior to the Closing Date (the "**Companies' Financial Statements**") to be supplied on or before the Closing Date:
  - (i) are in accordance with the books and records of the Companies;
  - (ii) present fairly the financial condition of the Companies as of the respective dates indicated and the results of operations for such periods; and
  - (iii) have been prepared in accordance with International Financial Reporting Standards generally accepted accounting principles;
- (s) all material transactions of the Companies and including, without limitation, all directors' and shareholders' resolutions, have been promptly and properly recorded or filed in the Companies' books and records;

(t) the present directors and officers of the Companies are as follows:

Name of director/officer	Company	Position
John Miller	THC Meds	President and Director
Hee Jung Chun	THC Medical	President and Director

(u) the Companies will have obtained all authorizations and approvals or waivers that may be necessary or desirable in connection with the transactions contemplated in this Agreement, and has made all filings with, any and all Regulatory Authorities, if applicable, from whom any such authorization, approval or other action is required to be obtained or to be made in connection with the transactions contemplated herein, and all such authorizations, approvals and other actions will be in full force and effect;

(v) the Companies have not committed to making and until the Closing Date will not make or commit itself, without the written consent of the Purchaser, to:

- (i) guarantee, or agree to guarantee, any indebtedness or other obligation of any person or corporation;
- (ii) any payment other than the payment of ordinary course obligations; or
- (iii) waive or surrender any right of material value;

(w) until the Closing Date the Companies will:

- (i) maintain their business and the Companies' Assets in a manner consistent with and in compliance with applicable law; and
- (ii) not enter into any material transaction or assume or incur any material liability outside the normal course of their business;

(x) the Companies have not committed to making and until the Closing Date will not make or commit itself, without the written consent of the Purchaser, to:

- (i) sell all or any part of its business or the Companies' Assets or agree to do or perform any act or enter into any transaction or negotiation which could reasonably be expected to interfere with this Agreement or which would render inaccurate any of the representations, warranties and covenants set forth in this Agreement; or
- (ii) merge, amalgamate or consolidate into or with any entity, or enter into any other corporate reorganization;

provided, however, that the provisions hereof shall not preclude the Companies, pending the Closing or the termination of this Agreement, whichever shall first occur, from carrying on its business in the normal course thereof;

- (y) the attached Schedules contains all material information for each particular listed therein and there are no omissions of material information by the Companies; and
- (z) the Companies are not aware of any fact or circumstance which has not been disclosed to the Purchaser which should be disclosed in order to prevent the representations and warranties contained in this section from being misleading or which would likely affect the decision of the Purchaser to enter into this Agreement.

### **3.5 Continuity of the representations, warranties and covenants by the Vendor and the Companies.**

The representations, warranties and covenants by the Vendor and the Companies contained in this Article, or in any certificates or documents delivered pursuant to the provisions of this Agreement or in connection with the transactions contemplated hereby, will be true at and as of the Closing Date as though such representations, warranties and covenants were made at and as of such time. Notwithstanding any investigations or inquiries made by the Purchaser or by the Purchaser's professional advisors prior to the Closing Date, or the waiver of any condition by the Purchaser, the representations, warranties and covenants of the Vendor and the Companies contained in this Article shall survive the Closing Date and shall continue in full force and effect for a period of one calendar year from the Closing Date; provided, however, that the Vendor and the Companies shall not be responsible for the breach of any representation, warranty or covenant of the Vendor or the Companies contained herein caused by any act or omission of the Purchaser prior to the Effective Date hereof of which the Vendor and the Companies were unaware or as a result of any action taken by the Purchaser after the Effective Date. In the event that any of the said representations, warranties or covenants are found by a court of competent jurisdiction to be incorrect and such incorrectness results in any loss or damage sustained directly or indirectly by the Purchaser, then the Vendor and/or the Companies, as the case may be, will, in accordance with the provisions of ARTICLE 14 hereof, pay the amount of such loss or damage to the Purchaser within 30 calendar days of receiving notice of judgment therefore.

## **ARTICLE 4 WARRANTIES, REPRESENTATIONS AND COVENANTS BY THE PURCHASER**

### **4.1 Warranties, representations and covenants by the Purchaser.**

In order to induce the Vendor and the Companies to enter into and consummate this Agreement, the Purchaser hereby warrants to, represents to and covenants with the Vendor and the Companies, with the intent that the Vendor and the Companies will rely thereon in entering into this Agreement and in concluding the transactions contemplated herein, that, to the best of the knowledge, information and belief of the Purchaser, after having made due inquiry:

- (a) the Purchaser is a corporation duly incorporated under the laws of its jurisdiction of incorporation;
- (b) the Purchaser has the requisite power, authority and capacity to carry on the Purchaser's Business as presently conducted by it;



- (c) the Purchaser is qualified to do business in those jurisdictions where it is necessary to fulfill its obligations under this Agreement, and it has the full power and authority to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement;
- (d) the execution and delivery of this Agreement and the agreements contemplated hereby has been duly authorized by all necessary corporate action on its part;
- (e) there are no other consents, approvals or conditions precedent to the performance of this Agreement which have not been obtained;
- (f) this Agreement constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, except as enforcement may be limited by laws of general application affecting the rights of creditors;
- (g) no proceedings are pending for, and the Purchaser is unaware of, any basis for the institution of any proceedings leading to the dissolution or winding up of the Purchaser or the placing of the Purchaser in bankruptcy or subject to any other laws governing the affairs of insolvent companies;
- (h) the Purchaser owns and possesses and has good and marketable title to and possession of all of its business assets free and clear of all actual or threatened liens, charges, options, encumbrances, voting agreements, voting trusts, demands, limitations and restrictions of any nature whatsoever;
- (i) the Purchaser holds all licenses and permits required for the conduct in the ordinary course of the operations of its business and for the uses to which its business assets have been put and are in good standing, and such conduct and uses are in compliance with all applicable laws, and other restrictions, rules, regulations and ordinances applicable to the Purchaser, and neither the execution and delivery of this Agreement nor the completion of the transactions contemplated hereby will give any person the right to terminate or cancel any said license or permit or affect such compliance;
- (j) the authorized capital of the Purchaser is unlimited and at the Closing Date, the Purchaser will have completed a share consolidation of 1 new for 6 existing issued and outstanding common shares, which will result in approximately 18,881,740 common shares issued and outstanding as fully paid and non-assessable in the capital of the Purchaser;
- (k) the Purchaser will have approximately 1,583,335 incentive stock options issued to its directors, officers/employees, and consultants at the Closing Date, each of which entitles the holder to purchase one common share in the capital of the Purchaser at a price of \$0.60 per share on or before April 20, 2016;
- (l) the Purchaser will have approximately 5,250,000 common share purchase warrants issued and outstanding. Each warrant will entitle the holder to acquire one common share in the Purchaser for a period of three years from the date of issuance, at a price of \$0.30 per common share until February 25, 2015 and \$0.60 per common share thereafter;

- (m) following the closing of this Agreement, the Purchaser will endeavor to arrange a non-brokered \$1,000,000 private placement (the “**Financing**”) through Jacob Securities following the completion of the Transaction;
- (n) as soon as possible after closing as permitted under applicable corporate laws or CSE policies, the Purchaser will appoint to its board of directors at least one individual nominated by the investor in the Companies’ Private Placement, the investor so requires;
- (o) the Purchaser will have received conditional approval for all of its issued and outstanding shares to be listed and posted for trading on the CSE and is not in material default of any applicable CSE rules or any rules or policies of the British Columbia Securities Commission (the “**Commission**”);
- (p) the Purchaser will allot and issue the Consideration Shares and any Earn-Out Shares in accordance with Section 2.2 hereinabove as fully paid and non-assessable in the capital of the Purchaser. The Consideration Shares and any Earn-Out Shares will be subject to trading restrictions described in Section 2.4. Once the Consideration Shares are released from the Stock Restriction Agreements, the Consideration Shares will be free and clear of all actual or threatened liens, charges, options, encumbrances, voting agreements, voting trusts, demands, limitations and restrictions, other than hold periods or other restrictions imposed under applicable securities legislation;
- (q) there is no basis for and there are no actions, suits, judgments, investigations or proceedings outstanding or pending or, to the best of the knowledge, information and belief of the Purchaser, after making due inquiry, threatened against or affecting the Purchaser at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau or agency;
- (r) the Purchaser is not in breach of any laws, ordinances, statutes, regulations, by-laws, orders or decrees to which it is subject or which apply to it;
- (s) there is not now, and there will not be by the Closing Date, any proceeding, claim or, to the best of the knowledge, information and belief of the Purchaser, after making due inquiry, any investigation by any federal, provincial or municipal taxation authority, or any matters under discussion or dispute with such taxation authorities, in respect of taxes, governmental charges, assessments or reassessments in connection with the Purchaser, and the Purchaser is not aware of any contingent tax liabilities or any grounds that could result in an assessment, reassessment, charge or potentially adverse determination by any federal, provincial or municipal taxation authority as against the Purchaser;
- (t) the Purchaser has no equipment, other than the personal property or fixtures in the possession or custody of the Purchaser which, as of the date hereof, are leased or are held under license or similar arrangement;
- (u) there are no liabilities, contingent or otherwise of the Purchaser not disclosed;

- (v) none of the directors, officers or employees of the Purchaser are now indebted or under obligation to the Purchaser on any account whatsoever, other than in the ordinary course of business or as otherwise disclosed in the Purchaser's financial statements;
- (w) all material transactions of the Purchaser and including, without limitation, all directors' and shareholders' resolutions, have been promptly and properly recorded or filed in or with the Purchaser's books and records;
- (x) the Purchaser will have obtained all authorizations, approvals, or waivers that may be necessary or desirable in connection with the transactions contemplated in this Agreement, and other actions by, and have made all filings with, any and all Regulatory Authorities required to be made in connection with the transactions contemplated herein, and all such authorizations, approvals and other actions will be in full force and effect, and all such filings will have been accepted by the Purchaser, which will be in compliance with, and have not committed any breach of, any securities laws, regulations or policies of any Regulatory Authority to which the Purchaser may be subject;
- (y) until the Closing Date the Purchaser will:
  - (i) maintain its assets in a manner consistent with and in compliance with applicable law; and
- (z) the Purchaser has not committed to making and until the Closing Date will not make or commit itself, without the written consent of the Vendor and the Companies, to:
  - (i) declare or pay any dividend, or make any distribution of its properties or assets to its shareholders, or purchase or retire any of its shares; or
  - (ii) sell all or any part of its assets or agree to do or perform any act or enter into any transaction or negotiation which could reasonably be expected to interfere with this Agreement or which would render inaccurate any of the representations, warranties and covenants set forth in this Agreement;
- (aa) the shares in the capital of the Purchaser are not subject to or affected by any actual or, to the knowledge of the Purchaser, pending or threatened cease trading, compliance or denial of use of exemptions orders of, or action, investigation or proceeding by or before, any securities regulatory authority, court, administrative agency or other tribunal;
- (bb) the making of this Agreement and the completion of the transactions contemplated hereby and the performance of and compliance with the terms hereof does not and will not:
  - (i) conflict with or result in a breach of or violate any of the terms, conditions or provisions of the constating documents of the Purchaser;
  - (ii) conflict with or result in a breach of or violate any of the terms, conditions or provisions of any law, judgment, order, injunction, decree, regulation or

- ruling of any court or governmental authority, domestic or foreign, to which the Purchaser is subject, or constitute or result in a default under any agreement, contract or commitment to which the Purchaser is a party;
- (iii) give to any party the right of termination, cancellation or acceleration in or with respect to any agreement, contract or commitment to which the Purchaser is a party;
  - (iv) give to any government or governmental authority, or any municipality or any subdivision thereof, including any governmental department, commission, bureau, board or administration agency, any right of termination, cancellation or suspension of, or constitute a breach of or result in a default under, any permit, license, control or authority issued to the Purchaser which is necessary or desirable in connection with the conduct and operations of its businesses and the ownership or leasing of its business assets; or
  - (v) constitute a default by the Purchaser or any event which, with the giving of notice or lapse of time or both, might constitute an event of default, under any agreement, contract, indenture or other instrument relating to any indebtedness of the Purchaser which would give any party to that agreement, contract, indenture or other instrument the right to accelerate the maturity for the payment of any amount payable under that agreement, contract, indenture or other instrument;
- (cc) neither this Agreement nor any other document, certificate or statement furnished to the Vendor or the Companies by or on behalf of the Purchaser in connection with the transactions contemplated hereby knowingly or negligently contains any untrue or incomplete statement of material fact or omits to state a material fact necessary in order to make the statements therein not misleading; and
- (dd) the Purchaser is not aware of any fact or circumstance which has not been disclosed to the Vendor and the Companies which should be disclosed in order to prevent the representations, warranties and covenants contained in this section from being misleading or which would likely affect the decision of the Vendor and the Companies to enter into this Agreement.

#### **4.2 Continuity of the representations, warranties and covenants by the Purchaser.**

The representations, warranties and covenants of the Purchaser contained in this Article, or in any certificates or documents delivered pursuant to the provisions of this Agreement or in connection with the transactions contemplated hereby, will be true at and as of the Closing Date as though such representations, warranties and covenants were made at and as of such time. Notwithstanding any investigations or inquiries made by either the Vendor or the Companies, or by the Vendor or the Companies' respective professional advisors prior to the Closing Date, or the waiver of any condition by either the Vendor or the Companies, the representations, warranties and covenants of the Purchaser contained in this Article shall survive the Closing Date and shall continue in full force and effect for a period of one calendar year from the Closing Date; provided, however, that the Purchaser shall not be responsible for the breach of any representation, warranty or covenant of the Purchaser contained herein caused by any act or

omission of either of the Vendor or the Companies prior to the Effective Date hereof of which the Purchaser was unaware or as a result of any action taken by either of the Vendor or the Companies after the Effective Date. In the event that any of the said representations, warranties or covenants are found by a court of competent jurisdiction to be incorrect and such incorrectness results in any loss or damage sustained directly or indirectly by either of the Vendor and/or the Companies, then the Purchaser will, in accordance with the provisions of ARTICLE 14 hereof, pay the amount of such loss or damage to either of the Vendor and/or the Companies, as the case may be, within 30 calendar days of receiving notice of judgment therefore; provided that the Vendor and the Companies will not be entitled to make any claim unless the loss or damage suffered may exceed the amount of \$1,000.00.

## **ARTICLE 5 CONDITIONS PRECEDENT TO CLOSING**

### **5.1 Parties' conditions precedent.**

The Closing is subject to the following conditions precedent for the benefit of each of the Parties to be fulfilled in all material aspects in the reasonable opinion of each of the Parties or to be waived by each or any of the Parties, as the case may be, on or before the Closing Date:

- (a) the Purchaser will have delisted from the TSXV; and,
- (b) the Purchaser will have obtained conditional approval to list on the CSE.

### **5.2 Parties' waiver of conditions precedent.**

The conditions precedent set forth in Section 5.1 hereinabove are for the benefit of each of the Parties and may be waived by each or any of the Parties in writing and in whole or in part at any time, such waiver being without prejudice to any other rights that each Party may have.

### **5.3 Vendor's and the Companies' conditions precedent.**

The rights, duties and obligations of the Vendor and the Companies in connection with the Closing are subject to the following conditions precedent for the exclusive benefit of the Vendor and the Companies to be fulfilled in all material aspects in the reasonable opinion of the Vendor and the Companies or to be waived by each or any of the Vendor and the Companies, as the case may be, on or before the Closing Date:

- (a) the Purchaser shall have complied with all warranties, representations, covenants and agreements herein agreed to be performed or caused to be performed by the Purchaser on or before the Closing Date as the case may be;
- (b) the Purchaser shall have complied with all applicable securities laws in connection with the issuance of the Consideration Shares to the Vendor on or before the Closing Date;
- (c) The Purchaser will have at least \$400,000 in Current Assets; and,
- (d) the Purchaser will have obtained all authorizations, approvals, or waivers that may be necessary or desirable in connection with the transactions contemplated in this Agreement, and have made all filings with, any and all Regulatory

Authorities required to be made in connection with the transactions contemplated herein, and all such authorizations, approvals and other actions will be in full force and effect, and all such filings will have been accepted by the Purchaser who will be in compliance with, and have not committed any breach of, any securities laws, regulations or policies of any Regulatory Authority to which the Purchaser may be subject.

#### **5.4 Vendor's and the Companies' waiver of conditions precedent.**

The conditions precedent set forth in Section 5.3 hereinabove are for the exclusive benefit of the Vendor and the Companies and may be waived by each of the Vendor and the Companies in writing and in whole or in part at any time after the Effective Date, such waiver being without prejudice to any other rights that such Party may have.

#### **5.5 Purchaser's conditions precedent.**

The rights, duties and obligations of the Purchaser in connection with the Closing are subject to the following conditions precedent for the exclusive benefit of the Purchaser to be fulfilled in all material aspects in the reasonable opinion of the Purchaser or to be waived by the Purchaser on or before the Closing Date:

- (a) the Vendor and the Companies will have complied with all warranties, representations, covenants and agreements herein agreed to be performed or caused to be performed by the Vendor and the Companies on or before the Closing Date;
- (b) the Vendor and the Companies will have obtained all authorizations, approvals or waivers that may be necessary or desirable in connection with the transactions contemplated in this Agreement, and have made all filings with, any and all Regulatory Authorities from whom any such authorization, approval or other action is required to be obtained or to be made in connection with the transactions contemplated herein, and all such authorizations, approvals and other actions will be in full force and effect, and all such filings will have been accepted by the Vendor and the Companies who will be in compliance with, and have not committed any breach of, any securities laws, regulations or policies of any Regulatory Authority to which the Vendor or the Companies may be subject;
- (c) no material loss or destruction of or damage to the Companies, any of the Companies' Assets, any of the Companies' Business or the Purchased Shares shall have occurred;
- (d) no action or proceeding at law or in equity shall be pending or threatened by any person, company, firm, governmental authority, regulatory body or agency to enjoin or prohibit:
  - (i) the purchase or transfer of any of the Purchased Shares contemplated by this Agreement or the right of the Vendor to dispose of any of the Purchased Shares; or

- (ii) the right of the Companies to conduct their operations and carry on, in the normal course, their business and operations as they have carried on in the past;
- (e) the delivery to the Purchaser by the Vendor and the Companies, on a confidential basis, of all Business Documentation;
- (f) the delivery to the Purchaser by the Companies of the Companies' Financial Statements on or before the Closing Date;
- (g) one or more private investors will have invested a minimum aggregate amount of \$650,000 to a maximum of \$750,000 (the "**Investor Funds**") into the Companies in exchange for such number and class of shares as is mutually agreed to among the Parties (the "**Companies' Private Placement**");
- (h) the Investor Funds will have been preserved by the Companies and will be immediately available on closing of this Agreement, unless the Purchaser has provided its prior written consent to the Companies for the use of all or any portion of the Investor Funds before closing;
- (i) the Health Canada MMPR application submitted by the Companies will either be active or have been approved; and,
- (j) the Vendor will execute and deliver such other instruments or documents and take such further action as may reasonably be required by the Purchaser or the Exchange to give effect to any matter provided for therein.

#### **5.6 Purchaser's waiver of conditions precedent.**

The conditions precedent set forth in Section 5.5 hereinabove are for the exclusive benefit of the Purchaser and may be waived by the Purchaser in writing and in whole or in part at any time after the Effective Date, such waiver being without prejudice to any other rights that such Party may have.

### **ARTICLE 6 CLOSING AND EVENTS OF CLOSING**

#### **6.1 Closing and Closing Dates.**

The closing (the "**Closing**") of the purchase and delivery of the Purchased Shares, as contemplated in the manner as set forth in ARTICLE 2 hereof, together with all of the transactions contemplated by this Agreement, shall occur on such day following the due and complete satisfaction of all of the conditions precedent which are set out in ARTICLE 5 hereof (the "**Closing Date**"), or on such earlier or later date as may be agreed to in advance and in writing by each of the Parties, and will be closed, in each such instance, at the offices of Bacchus Law Corporation, located at Suite 1820 Cathedral Place, 925 West Georgia Street, Vancouver British Columbia V6C 3L2, at 2:00 p.m. (Vancouver time) on the Closing Date.

## **6.2 Latest Closing Date.**

If the Closing Date has not occurred by January 1, 2015 this Agreement may be terminated at the option of either Party on 10 days' notice to the other parties.

## **6.3 Documents to be delivered by the Vendor and the Companies prior to the Closing Date.**

Prior to the Closing Date, as the case may be, and in addition to the documentation which is required by the agreements and conditions precedent which are set forth hereinabove, the Vendor and the Companies shall also execute and deliver, or cause to be delivered, to the Purchaser, all such other documents, resolutions and instruments as may be necessary, in the opinion of counsel for the Purchaser, acting reasonably, to complete all of the transactions contemplated by this Agreement and including, without limitation, the necessary transfer of the Purchased Shares (in accordance with the amounts set out Schedule "A" as at the Closing Date) to the Purchaser free and clear of all liens, charges and encumbrances, and in particular including, but not being limited to, the following materials:

- (a) all documentation as may be necessary and as may be required by counsel for the Purchaser, acting reasonably, to ensure that all of the Purchased Shares have been transferred, assigned and are registrable in the name of and for the benefit of the Purchaser under all applicable corporate and securities laws;
- (b) certificate(s) representing the Purchased Shares transferable on the Closing Date registered in the name of the Vendor duly endorsed for transfer to the Purchaser or irrevocable stock powers transferring the applicable Purchased Shares to the Purchaser;
- (c) a certificate representing the Purchased Shares purchased on the Closing Date registered in the name of the Purchaser;
- (d) a copy of the resolutions of the Board of Directors of the Companies authorizing the transfer by the Vendor to the Purchaser of the Purchased Shares;
- (e) all necessary consents and approvals in writing to the completion of the transactions contemplated herein;
- (f) the Companies' Financial Statements;
- (g) a certificate of an officer from the Companies dated as of the Closing Date, acceptable in form to counsel for the Purchaser, acting reasonably, certifying that the warranties, representations, covenants and agreements of the Companies contained in this Agreement are true and correct in all respects and will be true and correct as of the Closing Date as if made by the Companies on the Closing Date; and
- (h) all such other documents and instruments as the Purchaser's counsel may reasonably require.



#### **6.4 Documents to be delivered by the Purchaser prior to the Closing Date.**

Prior to the Closing Date, and in addition to the documentation which is required by the agreements and conditions precedent which are set forth hereinabove, the Purchaser shall also execute and deliver, or cause to be delivered, to the Companies and the Transfer Agent, as applicable, all such other documents, resolutions and instruments as are necessary, in the opinion of counsel for the Vendor and the Companies, acting reasonably, to issue to the Vendor the Consideration Shares free and clear of all liens, charges and encumbrances, however, subject to the resale provisions applicable thereto, and in particular including, but not being limited to, the following materials:

- (a) a copy of the resolutions of the directors of the Purchaser providing for the approval of all of the transactions contemplated hereby;
- (b) all necessary consents and approvals in writing to the completion of the transactions contemplated herein;
- (c) a certificate of an officer of the Purchaser, dated as of the Closing Date, acceptable in form to counsel for the Vendor and the Companies, acting reasonably, certifying that the warranties, representations, covenants and agreements of the Purchaser contained in this Agreement are true and correct and will be true and correct as of the Closing Date as if made by the Purchaser on the Closing Date; and
- (d) all such other documents and instruments as the Vendor's and the Companies' counsel may reasonably require.

### **ARTICLE 7 DUE DILIGENCE INVESTIGATION**

#### **7.1 Due diligence.**

Each of the Parties shall forthwith conduct such further due diligence examination of the other Parties as it deems appropriate.

#### **7.2 Confidentiality.**

Each Party may in a reasonable manner carry out such investigations and due diligence as to the other Parties, at all times subject to the confidentiality provisions of Articles ARTICLE 9 hereof, as each Party deems necessary. In that regard the Parties agree that each shall have full and complete access to the other Parties' books, records, financial statements and other documents, articles of incorporation, by-laws, minutes of Board of Directors' meetings and its committees, investment agreements, material contracts and as well such other documents and materials as the Parties, or their respective solicitors, may deem reasonable and necessary to conduct an adequate due diligence investigation of each Party, its respective operations and financial condition prior to the Closing.

## **ARTICLE 8 NON-DISCLOSURE**

### **8.1 Non-disclosure.**

Subject to the provisions of Section 8.2 hereof, the Parties, for themselves, their officers, directors, shareholders, consultants, employees and agents, agree that they each will not disseminate or disclose, or knowingly allow, permit or cause others to disseminate or disclose to third parties who are not subject to express or implied covenants of confidentiality, without the other Parties' express written consent, either: (i) the fact or existence of this Agreement or discussions and/or negotiations between them involving, inter alia, possible business transactions; (ii) the possible substance or content of those discussions; (iii) the possible terms and conditions of any proposed transaction; (iv) any statements or representations (whether verbal or written) made by either Party in the course of or in connection with those discussions; or (v) any written material generated by or on behalf of any Party and such contacts, other than such disclosure as may be required under applicable securities legislation or regulations, pursuant to any order of a court or on a "need to know" basis to each of the Parties' respective professional advisors.

### **8.2 Public announcements.**

Notwithstanding the provisions of this Article, the Parties agree to make such public announcements of this Agreement promptly upon its execution in accordance with the requirements of applicable securities legislation.

## **ARTICLE 9 CONFIDENTIAL INFORMATION**

### **9.1 Confidential Information.**

Each Party acknowledges that any and all information which a Party may obtain from, or have disclosed to it, about the other Parties constitutes valuable trade secrets and proprietary confidential information of the other Parties (collectively, the "**Confidential Information**"). No such Confidential Information shall be published by any Party without the prior written consent of the other Parties. Furthermore, each Party undertakes not to disclose the Confidential Information to any third party without the prior written approval of the other Parties and to ensure that any third party to which the Confidential Information is disclosed shall execute an agreement and undertaking on the same terms as contained herein.

### **9.2 Documentation.**

Any document or written material generated by either Party in the course of, or in connection with, the due diligence investigations conducted pursuant to this Agreement shall be marked or deemed "Confidential" and shall be treated by each Party as a trade secret of the other Parties. In the event of termination of this Agreement, all copies of any and all documents obtained by any Party from any other Party herein, whether or not marked "Confidential", shall be returned to the other Parties forthwith.

### **9.3 Disclosure of Confidential Information.**

Notwithstanding anything contained in ARTICLE 8 or ARTICLE 9:

- (a) any Party may disclose any Confidential Information in the form of an announcement agreed between the Parties, acting reasonably, or if such disclosure is required to be made: (i) in a judicial, administrative or governmental proceeding pursuant to a valid subpoena or other applicable order; or (ii) by applicable law;
- (b) prior to any disclosure of Confidential Information under Section 9.3, the disclosing Party will give the other Parties at least two (2) Business Days' prior written notice (unless the disclosing Party is obligated to release the Confidential Information on less than two (2) Business Days' notice in order to comply with applicable laws) and, in making such disclosure, the disclosing Party will disclose only that portion of Confidential Information required to be disclosed and will take all reasonable steps to preserve the confidentiality thereof; and
- (c) if a disclosure under this Section 9.3 becomes necessary, the disclosing Party will (to the extent permitted by applicable laws) consult with the other Parties regarding the text of any such statement, release or disclosure and the disclosing Party will use all reasonable efforts, acting expeditiously and in good faith, to agree upon a text that is satisfactory to each of them within two (2) Business Days or such shorter period as contemplated in subsection 9.3(b).

## **ARTICLE 10 ASSIGNMENT AND VARIATIONS**

### **10.1 Assignment.**

Save and except as provided herein, no Party may sell, assign, pledge or mortgage or otherwise encumber all or any part of its respective interest herein without the prior written consent all of the other Parties.

### **10.2 Amendment.**

This Agreement and any provision thereof may only be amended in writing and only by duly authorized signatories of each of the respective Parties.

### **10.3 Variation in the terms of this Agreement upon review.**

It is hereby acknowledged and agreed by each of the Parties that where any variation in the terms and/or conditions of this Agreement is reasonably required by any of the Regulatory Authorities as a condition of their respective "Regulatory Approval" to any of the terms and conditions of this Agreement, any such reasonable variation, having first been notified to all Parties, will be deemed to be accepted by each of the Parties and form part of the terms and conditions of this Agreement. If any such Party, acting reasonably, deems any such notified variation unreasonable, that Party may, in its sole and absolute discretion, and within a period of not greater than 10 calendar days from its original notification and at its cost, make such further applications or submissions to the relevant Regulatory Authority as it considers necessary in order to seek an amendment to any such variation; provided, however, that the final determination by any such Regulatory Authority to any such application or submission by such objecting Party will be deemed binding upon such Party who must then provide notification to all other Parties as provided for hereinabove.

## **ARTICLE 11 FORCE MAJEURE**

### **11.1 Events.**

If any Party is at any time prevented or delayed in complying with any provisions of this Agreement by reason of strikes, walk-outs, labour shortages, power shortages, fires, wars, acts of God, earthquakes, storms, floods, explosions, accidents, delays in transportation, breakdown of machinery, inability to obtain necessary materials in the open market, unavailability of equipment, governmental regulations restricting normal operations, shipping delays or any other reason or reasons beyond the control of that Party, then the time limited for the performance by that Party of its respective obligations hereunder shall be extended by a period of time equal in length to the period of each such prevention or delay.

### **11.2 Notice.**

A Party shall, within seven calendar days, give notice to the other Parties of each event of force majeure under Section 11.1 above, and upon cessation of such event shall furnish the other Parties with notice of that event together with particulars of the number of days by which the obligations of that Party hereunder have been extended by virtue of such event of force majeure and all preceding events of force majeure.

## **ARTICLE 12 ARBITRATION**

### **12.1 Matters for Arbitration.**

The Parties agree that all questions or matters in dispute with respect to this Agreement shall be submitted to arbitration pursuant to the terms hereof.

### **12.2 Notice.**

It shall be a condition precedent to the right of any Party to submit any matter to arbitration pursuant to the provisions hereof that any Party intending to refer any matter to arbitration shall have given not less than five calendar days' prior written notice of its intention to do so to the other Parties together with particulars of the matter in dispute. On the expiration of such five calendar days the Party who gave such notice may proceed to refer the dispute to arbitration as provided in Section 12.3 hereof.

### **12.3 Appointments.**

The Party desiring arbitration shall appoint one arbitrator, and shall notify the other Parties of such appointment. Unless the Parties can mutually agree in writing on the appointment of a single arbitrator, then the other Parties shall, within five (5) calendar days after receiving such notice, appoint an arbitrator, and the two arbitrators so named, before proceeding to act, shall, within five calendar days of the appointment of the last appointed arbitrator, unanimously agree on the appointment of a third arbitrator, to act with them and be chairman of the arbitration herein provided for. If the other Parties shall fail to appoint an arbitrator within five (5) calendar days after receiving notice of the appointment of the first arbitrator, or if the two arbitrators appointed by the Parties shall be unable to agree on the appointment of the chairman, the chairman shall be appointed under the provisions of the Arbitration Act. Except as specifically

otherwise provided in this Section 12.3, the arbitration herein provided for shall be conducted in accordance with such Arbitration Act. The chairman, or in the case where only one arbitrator is appointed, the single arbitrator, shall fix a time and place in Vancouver, British Columbia, Canada, for the purpose of hearing the evidence and representations of the Parties, and he shall preside over the arbitration and determine all questions of procedure not provided for under such Arbitration Act or this section. After hearing any evidence and representations that the Parties may submit, the single arbitrator, or the arbitrators, as the case may be, shall make an award and reduce the same to writing, and deliver one copy thereof to each of the Parties. The expense of the arbitration shall be paid as specified in the award.

#### **12.4 Award.**

The Parties agree that the award of a majority of the arbitrators, or in the case of a single arbitrator, of such arbitrator, shall be final and binding upon each of them.

### **ARTICLE 13 DEFAULT AND TERMINATION**

#### **13.1 Default.**

The Parties agree that if any Party is in default with respect to any of the provisions of this Agreement (herein called the “**Defaulting Party**”), the non-defaulting Parties (herein called, collectively, the “**Non-Defaulting Party**”) shall give notice to the Defaulting Party designating such default, and within five calendar days after its receipt of such notice, the Defaulting Party shall either:

- (a) cure such default, or commence proceedings to cure such default and prosecute the same to completion without undue delay; or
- (b) give the Non-Defaulting Party notice that it denies that such default has occurred and that it is submitting the question to arbitration as herein provided.

#### **13.2 Arbitration.**

If arbitration is sought, a Party shall not be deemed in default until the matter shall have been determined finally by appropriate arbitration under the provisions of ARTICLE 12 hereof.

#### **13.3 Curing the Default.**

If:

- (a) the default is not so cured or the Defaulting Party does not commence or diligently proceed to cure the default; or
- (b) arbitration is not so sought; or
- (c) the Defaulting Party is found in arbitration proceedings to be in default, and fails to cure it within five calendar days after the rendering of the arbitration award, the Non-Defaulting Party may, by written notice given to the Defaulting Party at any time while the default continues, terminate the interest of the Defaulting Party in and to this Agreement.

#### **13.4 Termination.**

In addition to the foregoing it is hereby acknowledged and agreed by the Parties that this Agreement will be immediately terminated, unless otherwise extended in accordance with Section 6.2 hereinabove, in the event that:

- (a) either of the Parties has not either satisfied or waived each of their respective conditions precedent prior to the Closing Date, in accordance with the provisions of ARTICLE 5 hereof;
- (b) either of the Parties has failed to deliver or caused to be delivered any of their respective documents required to be delivered by ARTICLE 5, ARTICLE 6 and ARTICLE 7 hereof prior to the Closing Date in accordance with the provisions of ARTICLE 5, ARTICLE 6 and ARTICLE 7;
- (c) the Closing Date has not occurred on or before February 1, 2015 and one party has given notice to the other parties in accordance with Section 6.2 above; or
- (d) by agreement in writing by each of the Parties;

and in such event this Agreement will be terminated and be of no further force and effect other than the obligations under ARTICLE 8 and ARTICLE 9 hereof.

### **ARTICLE 14 INDEMNIFICATION AND LEGAL PROCEEDINGS**

#### **14.1 Indemnification.**

The Parties agree to indemnify and save harmless the other Parties and including, where applicable, their respective affiliates, directors, officers, employees and agents (each such party being an “**Indemnified Party**”) harmless from and against any and all losses, claims, actions, suits, proceedings, damages, liabilities or expenses of whatever nature or kind, including any investigation expenses incurred by any Indemnified Party, to which an Indemnified Party may become subject by reason of the terms and conditions of this Agreement.

#### **14.2 No indemnification.**

This indemnity will not apply in respect of an Indemnified Party in the event and to the extent that a court of competent jurisdiction in a final judgment shall determine that the Indemnified Party was grossly negligent or guilty of willful misconduct.

#### **14.3 Claim of indemnification.**

The Parties agree to waive any right they might have of first requiring the Indemnified Party to proceed against or enforce any other right, power, remedy, security or claim payment from any other person before claiming this indemnity.

#### **14.4 Notice of claim.**

In case any action is brought against an Indemnified Party in respect of which indemnity may be sought against any of the Parties, the Indemnified Party will give the relevant Party prompt

written notice of any such action of which the Indemnified Party has knowledge and such Party will undertake the investigation and defense thereof on behalf of the Indemnified Party, including the prompt Consulting of counsel acceptable to the Indemnified Party affected and the payment of all expenses. Failure by the Indemnified Party to so notify shall not relieve any Party of such Party's obligation of indemnification hereunder unless (and only to the extent that) such failure results in a forfeiture by any Party of substantive rights or defenses.

#### **14.5 Settlement.**

No admission of liability and no settlement of any action shall be made without the consent of each of the Parties and the consent of the Indemnified Party affected, such consent not to be unreasonably withheld.

#### **14.6 Legal proceedings.**

Notwithstanding that the relevant Party will undertake the investigation and defense of any action, an Indemnified Party will have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel will be at the expense of the Indemnified Party unless:

- (a) such counsel has been authorized by the relevant Party;
- (b) the relevant Party hereto has not assumed the defense of the action within a reasonable period of time after receiving notice of the action;
- (c) the named parties to any such action include any Party hereto and the Indemnified Party shall have been advised by counsel that there may be a conflict of interest between any Party hereto and the Indemnified Party; or
- (d) there are one or more legal defenses available to the Indemnified Party which are different from or in addition to those available to any Party hereto.

#### **14.7 Contribution.**

If for any reason other than the gross negligence or bad faith of the Indemnified Party being the primary cause of the loss claim, damage, liability, cost or expense, the foregoing indemnification is unavailable to the Indemnified Party or insufficient to hold them harmless, the relevant Party hereto shall contribute to the amount paid or payable by the Indemnified Party as a result of any and all such losses, claim, damages or liabilities in such proportion as is appropriate to reflect not only the relative benefits received by any Party hereto on the one hand and the Indemnified Party on the other, but also the relative fault of the Parties and other equitable considerations which may be relevant. Notwithstanding the foregoing, the relevant Party hereto shall in any event contribute to the amount paid or payable by the Indemnified Party, as a result of the loss, claim, damage, liability, cost or expense (other than a loss, claim, damage, liability, cost or expenses, the primary cause of which is the gross negligence or bad faith of the Indemnified Party), any excess of such amount over the amount of the fees actually received by the Indemnified Party hereunder.

## **ARTICLE 15 NOTICE**

### **15.1 Notice.**

Each notice, demand or other communication required or permitted to be given under this Agreement shall be in writing and shall be sent by prepaid first class mail deposited in a post office addressed to the Party entitled to receive the same, or delivered to such Party, at the address for such Party specified above or in Schedule "A" in the case of the Vendor. The date of receipt of such notice, demand or other communication shall be the date of delivery thereof if delivered, or, if given by first class mail as aforesaid, shall be deemed conclusively to be the third calendar day after the same shall have been so mailed, or 15 calendar days in the case of an addressee with an address for service in a country other than a country in which the Party giving the notice, demand or other communication resides, except in the case of interruption of postal services for any reason whatsoever, in which case the date of receipt shall be the date on which the notice, demand or other communication is actually received by the addressee.

### **15.2 Change of address.**

Either Party may at any time and from time to time notify the other Parties in writing of a change of address and the new address to which notice shall be given to it thereafter until further change.

## **ARTICLE 16 GENERAL PROVISIONS**

### **16.1 Entire agreement.**

This Agreement constitutes the entire agreement to date between the Parties and supersedes every previous agreement, communication, expectation, negotiation, representation or understanding, whether oral or written, express or implied, statutory or otherwise, between the Parties with respect to the subject matter of this Agreement.

### **16.2 Enurement.**

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

### **16.3 Schedules.**

The Schedules to this Agreement are hereby incorporated by reference into this Agreement in its entirety.

### **16.4 Time of the essence.**

Time is of the essence of this Agreement.



## **16.5 Representation and costs.**

It is acknowledged by each of the Parties that Bacchus Law Corporation acts solely for the Purchaser, and, correspondingly, that each of the Vendors and the Companies have been advised to obtain independent legal advice with respect to their respective reviews and execution of this Agreement. Each Party to this Agreement will also bear and pay its own costs, legal and otherwise, in connection with its respective preparation, review and execution of this Agreement and, in particular, that the costs involved in the preparation of this Agreement, and all documentation necessarily incidental thereto, by Bacchus Law Corporation and its other counsel, shall be at the cost of the Purchaser.

## **16.6 Tax elections**

- (a) The Purchaser agrees to make joint election with the Vendor, subject to confirmation the Vendor is (i) a resident of Canada for purposes of the *Income Tax Act (Canada)* and not exempt from tax under Part I of the *Income Tax Act (Canada)*, or (ii) a partnership, any member of which is a resident of Canada for the purposes of the *Income Tax Act (Canada)* (other than a partnership, all members of which that are residents of Canada and are exempt from tax under Part I of the *Income Tax Act (Canada)*) in respect of the disposition of the Vendor's Shares pursuant to Section 85 of the *Income Tax Act (Canada)* (or any similar provision of any provincial tax legislation).
- (b) The Purchaser further agrees that the agreed amount under such joint election shall be determined by the Vendor its sole discretion within the limits set out in the *Income Tax Act (Canada)*. The Vendor will complete a Section 85 election form, providing the necessary information in accordance with the procedures set out in the tax instruction letter provided to the Vendor, and provide the election to the Purchaser for execution on or before 90 days after the Closing Date.
- (c) None of the Purchaser, the Companies nor any successor corporation shall be responsible for the proper completion of any election form, except for the obligation to sign and return duly completed election forms that are received by the Purchaser within 90 days of the Closing Date, nor for any taxes, interest or penalties resulting from the failure of the Vendor to properly complete or file such election forms in the form and manner and within the time prescribed by the *Income Tax Act (Canada)* (or any applicable provincial legislation). In its sole discretion, the Purchaser or any successor corporation may choose to sign and return an election form received by it more than 90 days following the Effective Date, but will have no obligation to do so.

## **16.7 Applicable law.**

This Agreement will be governed exclusively by and construed and enforced in accordance with the laws of British Columbia, Canada.

## **16.8 Further assurances.**

The Parties hereby, jointly and severally, covenant and agree to forthwith, upon request, execute and deliver, or cause to be executed and delivered, such further and other deeds, documents, assurances and instructions as may be required by the Parties or their respective counsel in order to carry out the true nature and intent of this Agreement.

#### **16.9 Invalid provisions.**

If any provision of this Agreement is at any time unenforceable or invalid for any reason it will be severable from the remainder of this Agreement and, in its application at that time, this Agreement will be construed as though such provision was not contained herein and the remainder will continue in full force and effect and be construed as if this Agreement had been executed without the invalid or unenforceable provision.

#### **16.10 Currency.**

Unless otherwise stipulated, all payments required to be made pursuant to the provisions of this Agreement and all money amount references contained herein are in lawful currency of Canada.

#### **16.11 Severability and construction.**

Each Article, section, paragraph, term and provision of this Agreement, and any portion thereof, shall be considered severable, and if, for any reason, any portion of this Agreement is determined to be invalid, contrary to or in conflict with any applicable present or future law, rule or regulation in a final unappealable ruling issued by any court, agency or tribunal with valid jurisdiction in a proceeding to any of the Parties is a party, that ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible (all of which shall remain binding on the Parties and continue to be given full force and agreement as of the date upon which the ruling becomes final).

#### **16.12 Captions.**

The captions, section numbers, Article numbers and Schedule numbers appearing in this Agreement are inserted for convenience of reference only and shall in no way define, limit, construe or describe the scope or intent of this Agreement nor in any way affect this Agreement.

#### **16.13 Counterparts.**

This Agreement may be signed by the Parties in as many counterparts as may be necessary and, if required, by facsimile, each of which so signed being deemed to be an original, and such counterparts together shall constitute one and the same instrument and, notwithstanding the date of execution, will be deemed to bear the Effective Date as set forth on the front page of this Agreement.

#### **16.14 Consents and waivers.**

No consent or waiver expressed or implied by any Party in respect of any breach or default by any other Party in the performance by such other of its obligations hereunder shall:

- (a) be valid unless it is in writing and stated to be a consent or waiver pursuant to this section;
- (b) be relied upon as a consent to or waiver of any other breach or default of the same or any other obligation;
- (c) constitute a general waiver under this Agreement; or

- (d) eliminate or modify the need for a specific consent or waiver pursuant to this section in any other or subsequent instance.

*[Remainder of page intentionally blank]*

IN WITNESS WHEREOF each of the Parties has signed this Agreement as of the Effective Date as set forth on the front page of this Agreement.

**THELON CAPITAL CORP.**

Per: "Jason Walsh"  
Authorized Signatory

**T.H.C. MEDICAL SYSTEMS LTD.**

Per: "Hee Jung Chun"  
Authorized Signatory

**THC MEDS INC.**

Per: "John Miller"  
Authorized Signatory

**2409555 ONTARIO INC.**

Per: \_\_\_\_\_  
Authorized Signatory

"John Miller"  
John Miller

"Hee Jung Chun"  
Hee Jung Chun

\_\_\_\_\_  
Susan Bedford

\_\_\_\_\_  
Jason Martin

**SCHEDULE “A”**

**PURCHASED AND CONSIDERATION SHARES**

VENDOR NAME	COMPANY NAME	NUMBER OF PURCHASED COMMON SHARES HELD	NUMBER OF CONSIDERATION SHARES TO BE ISSUED <sup>(1)(2)</sup>
Hee Jung Chun	T.H.C. Medical Systems Ltd.	10,800	15,773,836
Jason Martin and Susan Bedford	T.H.C. Medical Systems Ltd.	1,793	2,618,749
2409555 Ontario Inc. c/o NBCN Inc.	T.H.C. Medical Systems Ltd.	960	1,402,119
John Miller	THC Meds Inc.	10,800	15,773,836
Jason Martin and Susan Bedford	THC Meds Inc.	1,793	2,618,749
2409555 Ontario Inc. c/o NBCN Inc.	THC Meds Inc.	960	1,402,119
Cervus Business Management Inc. <sup>(2)</sup>	THC Meds Inc.	1,600	2,336,865
Jacob Securities Inc. <sup>(2)</sup>	T.H.C. Medical Systems Ltd. and THC Meds Inc.	1,600	2,336,865
Jacob Securities Inc. <sup>(2)</sup>	THC Meds Inc.	1,600	2,336,865
	<b>TOTALS:</b>	<b>31,906</b>	<b>46,600,000</b>

<sup>(1)</sup> Not including the Earn-Out Shares, which will only be issued in accordance with Section 2.2(a) of this Agreement.

<sup>(2)</sup> Assuming the issuance of Company shares to Cervus Business Management Inc. and Jacob Securities, which shares have not yet been issued. In the event that those shares are not issued, the Consideration Shares will be re-allocated pro rata among the shareholders of the Companies.

## SCHEDULE "B"

### STOCK RESTRICTION AGREEMENT

This Agreement is dated effective \_\_\_\_\_, 2014 (the "Effective Date")

BETWEEN

**THELON CAPITAL CORP.**, a company incorporated under the laws of British Columbia, and having a business address located at Suite 1500 – 888 Dunsmuir Street, Vancouver, British Columbia, Canada V6C 3K4

(the "Company");

AND



(the "Shareholder")

WHEREAS:

- A. The Company has applied to list its common shares on the CNSX and in connection with such application for listing, requires that major shareholders of its common stock enter into a stock restriction agreement acceptable to CNSX;
- B. The Shareholder will own \_\_\_\_\_ common shares in the capital of the Company (the "Stock") at the time of listing the Company's common shares on CNSX; and
- C. In furtherance of the listing, the Shareholder has agreed that the Stock will be subject to certain restrictions as further described in this Agreement.

NOW THEREFORE, in consideration of the mutual promises made in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties agree as follows:

#### 1. RESTRICTION ON TRANSFER OF STOCK

- 1.1 Transfer Restrictions. The Shareholder shall not, without the prior written consent of the Company (such permission not to be unreasonably withheld), directly or indirectly during the Term (as defined in Section 3), offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of the Stock or any securities convertible into or exchangeable or exercisable for shares of the Stock, or enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Stock, whether any such swap or transaction is to be settled by delivery of the Stock or other securities, in cash or otherwise.

1.2 Permitted Transfers. Notwithstanding anything to the contrary in this Agreement, the transfer restrictions set forth in Section 1.1 shall not apply to the transfer of any Vested Shares (as defined in Section 2) or to the following transfers of the Stock made or caused by the Shareholder:

1.2.1 a transfer of the Stock to any director, officer, employee or consultant of the Company;

1.2.2 a transfer of the Stock to the Company pursuant to a redemption initiated by the Company;

1.2.3 a transfer during the Shareholder's lifetime or on the Shareholder's death by will or intestacy to the Shareholder's beneficiaries or a trust for the benefit of the Shareholder's beneficiaries (for purposes of this Agreement, "beneficiary" means the Shareholder and the immediate family of the Shareholder, including any relation by blood, marriage or adoption and no remote than a first cousin); or

1.2.4 if the Shareholder is an entity, a transfer made as a distribution solely to a member, partner, or stockholder of such Shareholder.

Transfers made pursuant to this Section, with the exception of any transfer of Vested Shares, shall not be valid unless and until the transferee shall have executed a joinder to this Agreement and any other agreements reasonably required by the Company pursuant to which such transferee(s) agree to be bound by the terms and conditions of this Agreement.

## 2. VESTED SHARES

The term "Vested Shares" shall mean the securities vesting as follows:

Vesting Date	Proportion of Vested Shares
On the date the Company's securities are listed on a Canadian exchange (the "Listing Date")	1/10 of the Stock
6 months after the Listing Date	1/6 of the remainder of the Stock
12 months after the Listing Date	1/5 of the remainder of the Stock
18 months after the Listing Date	1/4 of the remainder of the Stock
24 months after the Listing Date	1/3 of the remainder of the Stock
30 months after the Listing Date	1/2 of the remainder of the Stock
36 months after the Listing Date	The remainder of the Stock

## 3. TERM

The term of this Agreement (the "**Term**") shall begin on the Effective Date and shall terminate on the earlier of (a) the sale of all shares of Stock subject to this Agreement, or (b) 36 months from the Listing Date.

#### **4. UNILATERAL AMENDMENT**

The Shareholder expressly consents and agrees with the Company that the Company may effect a unilateral amendment to the vesting schedule set out in Section 2 in the event that the Exchange requires such an amendment in order to approve the Companies' common shares for listing, and in order for such amendment to take effect, the Company shall deliver or cause to be delivered to the Shareholder at its address set out on the cover page of this Agreement a notice of amendment setting out the replacement vesting schedule, with no further action necessary or required on the part of the Shareholder in order for such amendment to take effect as of the date specified by the Company in the notice of amendment.

#### **5. VIOLATIONS OF TRANSFER RESTRICTIONS & REMEDIES**

- 5.1 Stop Transfer Instructions. The Company shall give stop transfer instructions to the Companies' transfer agent against the transfer of any of the Stock except in compliance with this Agreement.
- 5.2 Violations. The Company will not be required to (a) transfer on its books any shares of Stock that have been transferred in violation of any of the provisions of this Agreement, or (b) treat as the owner of such shares of Stock, or accord the right to vote as such owner, or pay dividends to any transferee to whom such shares of Stock are purported to have been transferred in violation of any of the provisions of this Agreement.
- 5.3 Power of Attorney. The Shareholder hereby appoints the Company as the Shareholder's attorney-in-fact with irrevocable power and authority in the name and on behalf of the Shareholder to take any action and execute all documents and instruments including, without limitation, stock powers which may be necessary to transfer the certificate (or certificates) evidencing the Stock to the appropriate person or entity upon a transfer being made in violation of this Agreement.
- 5.4 Injunctions & Other Remedies. The Shareholder acknowledges that the provisions of this Section 5 are reasonable and necessary for the protection of the Companies' business interests, irreparable injury will result to the Company if the Shareholder breaches any of the terms of the Agreement and, in the event of a breach of any terms of the Agreement, the Company will have no adequate remedy at law. The Shareholder further acknowledges that in the event of any actual or threatened breach by it of any provision of this Agreement, the Company shall be entitled to immediate temporary injunctive and other equitable relief, and without the necessity of showing actual monetary damages, subject to hearing as soon thereafter as possible.

#### **6. ADJUSTMENTS TO STOCK**

In the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, stock dividend, split-up, share combination, or other change in the corporate structure of Company affecting the Stock, the new securities replacing the Stock will be subject to all the conditions and restrictions applicable to the Stock pursuant to this Agreement.



## 7. IMPACT OF CORPORATE TRANSACTION

In the event of: (a) a sale of substantially all the assets of the Company; (b) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation in which shareholders immediately before such transaction have, immediately after such transaction, greater stock voting power); (c) a merger in which the Company is the surviving corporation but the shares of the Companies' common stock outstanding immediately preceding the merger are converted by virtue of the merger into other property, whether in the form of securities, cash, or otherwise (other than a reverse merger in which shareholders immediately before the merger have, immediately after the merger, greater stock voting power); (d) any transaction or series of related transactions in which in excess of 50% of the Companies' voting power is transferred; or (e) the acquisition by the Company of financing equal to or in excess of an aggregate of \$10,000,000 (collectively, a "**Corporate Transaction**"), then immediately prior to effectiveness of such Corporate Transaction the restrictions set forth in this Agreement shall terminate as to all shares of Stock owned by the Shareholder immediately and without action by the Company or the Shareholder.

## 8. RIGHTS OF THE SHAREHOLDER

Except as otherwise provided herein, the Shareholder shall exercise all rights and privileges of a shareholder of the Company with respect to the Stock, and the Company shall list the Shareholder as a shareholder on its corporate registers and records.

## 9. RESTRICTIVE LEGENDS

All certificates representing the Stock shall have endorsed thereon a legend in substantially the following form (in addition to any other legend required by other agreements between the parties or applicable securities regulations):

*"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON SALE OR OTHER TRANSFER PURSUANT TO AN AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER (OR SUCH HOLDER'S PREDECESSOR IN INTEREST), A COPY OF WHICH IS ON FILE AT THE REGISTERED OFFICE OF THE COMPANY. ANY TRANSFER OR ATTEMPTED TRANSFER OF ANY SHARES SUBJECT TO THE AGREEMENT IS VOID WITHOUT THE PRIOR EXPRESS WRITTEN CONSENT OF THE COMPANY."*

## 10. MISCELLANEOUS

10.1 Successors and Assigns. This Agreement shall enure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer herein, be binding upon the Shareholder and its heirs, executors, successors and assigns.

10.2 Legal Fees & Specific Performance. The Shareholder shall reimburse the Company for all costs incurred by the Company in enforcing the performance of, or protecting its rights under, any part of this Agreement, including reasonable costs of investigation and legal fees. It is expressly agreed between the parties that money damages are inadequate to compensate the Company for the Stock and that the Company shall, upon forfeiture of Stock, be entitled to specific enforcement of its right to revoke said Stock.

- 10.3 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.
- 10.4 Independent Counsel. The Shareholder acknowledges that this Agreement has been prepared on behalf of the Company by legal counsel to the Company, and that the Companies' legal counsel does not represent, and is not acting on behalf of, the Shareholder. The Shareholder has been advised and provided with an opportunity to consult with the Shareholder's own counsel with respect to this Agreement.
- 10.5 Entire Agreement & Amendment. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes and merges all prior agreements or understandings, whether written or oral. Except as provided in Section 0, this Agreement may not be amended, modified or revoked, in whole or in part, except by a written agreement signed by all the parties.
- 10.6 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.
- 10.7 Execution in Counterparts & Delivered Electronically. This Agreement may be executed in counterpart and delivered electronically, each of which so executed and delivered shall be deemed an original, all of which together shall constitute one instrument, and notwithstanding the date of execution shall be deemed to bear the date first above written.

**IN WITNESS WHEREOF**, the parties have duly executed this Agreement as of the date set out on the first page hereof.

**THELON CAPITAL CORP.**

Per:

\_\_\_\_\_  
Authorized Signatory

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

Title: