

ASSET PURCHASE AGREEMENT

This Agreement is made effective May 21, 2019.

BETWEEN

NOTHING BUT NATURE INC. (the "**Vendor**")

- and -

ZURBAN BEVERAGES, a division of A. LASSONDE INC. (the "**Purchaser**")

- and -

GREENSPACE BRANDS INC.

RECITALS

- A. The Vendor carries on the Business and is willing to sell the Purchased Assets to the Purchaser;
- B. The Purchaser is willing to purchase the Purchased Assets subject to the terms and conditions contained in this Agreement; and
- C. The Vendor is the wholly owned subsidiary of Greenspace Brands Inc.

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each Party, the Parties agree as follows:

ARTICLE 1 **DEFINITIONS**

1.1 Definitions. Unless context otherwise requires, capitalized terms shall have the meanings ascribed to them in APPENDIX 1 to this Agreement.

ARTICLE 2 **PURCHASE OF ASSETS**

2.1 Purchase and Sale of Purchased Assets. At the Closing Time, on and subject to the terms and conditions of this Agreement, the Vendor shall sell to the Purchaser, and the Purchaser shall purchase from the Vendor, all of the right, title, benefit and interest of the Vendor, in and to all of the following property and assets which are Related to the Business including the following (collectively the "**Purchased Assets**"):

- (a) Intellectual Property: All of the Vendor's rights to and interests in:

- (i) all trademarks (including the goodwill attaching to such trademarks) and registrations and applications for registration of trademarks and all trade dress, logos, slogans and brand names Related to the Business, including the applied for and registered trademarks listed in Schedule 2.1(a)(i) of the Disclosure Letter;
- (ii) all business names, trade names, corporate names, telephone numbers, domain names, domain name registrations, website names and worldwide web addresses and other communications addresses Related to the Business, including those listed in Schedule 2.1(a)(ii) of the Disclosure Letter;
- (iii) all copyright in all works owned by the Vendor and Related to the Business;
- (iv) all rights and interests in and to recipes, processes, lab journals, notebooks, data, trade secrets, designs, know-how, product formulae and information, research and development reports, technical information, and similar materials recording or evidencing expertise or information owned by the Vendor and Related to the Business;
- (v) all other intellectual property rights used in carrying on, or arising from the operation of, the Business;
- (vi) all licences granted by the Vendor of the intellectual property listed above, as listed in Schedule 2.1(a)(vi) of the Disclosure Letter;
- (vii) all future income and proceeds from any of the intellectual property listed above and the licences listed above; and
- (viii) all rights to damages and profits by reason of the infringement of any of the intellectual property listed above and the licences listed above.

(collectively the "**Intellectual Property**")

- (b) UPC Codes, Listings and Related Items: The rights to the UPC bar codes (including manufacturer's code, brand codes and stock keeping unit (SKU) number codes and ECCNET codes) Related to the Business together with the rights to all customer listings, information and documentation with respect to the foregoing, including those listed in Schedule 2.1(b) of the Disclosure Letter.
- (c) Books and Records: All Financial Records and all other books, records, files and papers owned and possessed by the Vendor and Related to the Business including quality control reports, production reports, quality system documents (including HACCP, FDA and CFIA), certification back-up documents, computer programs (including source code), software programs, manuals and data, sales and advertising materials, sales and purchase correspondence, trade association files, research and development records, lists of present and former customers and suppliers, and all records, data and information stored electronically, digitally or on computer-related media (collectively the "**Books and Records**").
- (d) Inventories: All useable or saleable inventories, merchandise, concentrates, and stock-in-trade of the Vendor, including all finished goods, work in progress, raw materials, supplies, and tetra paper and packaging, listed by category and location together with the

related values, according to GAAP, the whole as detailed in Schedule 2.1(d) of the Disclosure Letter (collectively, the "**Inventories**").

- (e) Goodwill: The goodwill Related to the Business, including the goodwill related to the Intellectual Property, the goodwill related to items listed in Section 2.1(b) and the right of the Purchaser to represent itself as carrying on the Business in continuation of and in succession to the Vendor.
- (f) Prepaid Amounts: All prepayments, prepaid charges, deposits, prepaid sums and prepaid fees Related to the Business or held by the Vendor in respect of the Purchased Assets.
- (g) Warranties: All rights and interests under or pursuant to all warranties, representations and guarantees, express, implied or otherwise, of or made by suppliers or others in connection with the Purchased Assets or otherwise arising from the operation of the Business; and
- (h) Assumed Contracts: All Contracts identified as Assumed Contracts in Schedule 2.1(h) of the Disclosure Letter (the "**Assumed Contracts**").

2.2 Excluded Assets. Notwithstanding Section 2.1, the Purchased Assets shall not include the Excluded Assets.

2.3 Assumed Liabilities. Subject to the terms and conditions set forth herein, the Purchaser shall assume and agree to pay, perform and discharge when due any and all Liabilities of the Vendor arising out of or relating to the Purchased Assets after the Closing Date, including: (a) all Liabilities of the Vendor under the Assumed Contracts, other than Liabilities thereunder due or to be performed on or prior to the Closing Date; and (b) all Taxes arising from the ownership or use of the Purchased Assets, after the Closing Date, other than Liabilities thereunder due or to be performed on or prior to the Closing Date (collectively, the "**Assumed Liabilities**").

2.4 Excluded Liabilities. Notwithstanding Section 2.3, the Purchaser shall not assume nor be liable for any Excluded Liabilities.

2.5 Purchase Price. The consideration payable by the Purchaser to the Vendor for the Purchased Assets and the Assumed Liabilities (the "**Purchase Price**") shall be the aggregate of:

- (a) an amount equal to \$7,000,000 (the "**Primary Payment**");
- (b) the Escrow Amount; and
- (c) the Earn-Out Amount.

2.6 Payment of Purchase Price. The Purchase Price shall be paid and satisfied as follows:

- (a) the Primary Payment shall be paid at Closing by the Purchaser to the Vendor by wire transfer of immediately available funds to the account designated by the Vendor;
- (b) the Escrow Amount shall be paid at Closing by the Purchaser to the Escrow Agent by wire transfer of immediately available funds to the account designated by the Escrow Agent, which Escrow Amount shall be held and released by the Escrow Agent in accordance with the terms and conditions of the Escrow Agreement; and

- (c) the Earn-Out Amount shall be payable at the time and in the manner set forth in Section 2.7 below.

2.7 Earn-Out Amount. The Earn-Out Amount shall be payable by the Purchaser to the Vendor solely if the Net Sales, as shown in the finally determined Earn-Out Statements, are in the aggregate equal to or greater than the Earn-Out Threshold over any twelve consecutive months during the period of time commencing the day after the Closing Date and ending on the Earn-Out Calculation Date (the "**Earn-Out Period**"). The requirement to pay Earn-Out Amount or not shall be determined as follows:

- (a) By the day that is 60 days following the Earn-Out Calculation Date, the Purchaser shall prepare and deliver to the Vendor the Earn-Out Statements, which have been prepared in accordance with GAAP, together with its determination, based on the Earn-Out Statements, as to whether the Earn-Out Amount is owed or not (the "**Earn-Out Calculations**").
- (b) If, within 10 Business Days following delivery of the Earn-Out Statements and the Earn-Out Calculations the Vendor has not given Purchaser written notice of its objection as to such Earn-Out Statements and the Earn-Out Calculations (which notice shall include the basis of Vendor's objection), then the Earn-Out Statements and the Earn-Out Calculations calculated by the Purchaser and delivered to the Vendor pursuant to Section 2.7(a) shall be binding and conclusive on the Parties and shall be used in determining whether the Earn-Out Amount is due or not.
- (c) If the Vendor duly gives the Purchaser such notice of objection, the Parties shall use their reasonable efforts to resolve any dispute by negotiation. If the Vendor and the Purchaser fail to resolve the issues outstanding with respect to the Earn-Out Calculations within 30 days of Purchaser's receipt of the objection notice from the Vendor, the Vendor and the Purchaser shall submit the issues remaining in dispute to the Independent Accountants as defined under Section 2.14 for resolution. If issues are submitted to the Independent Accountants for resolution, (i) the Vendor and the Purchaser shall furnish or cause to be furnished to the Independent Accountants such work papers and other documents and information relating to the disputed issues as the Independent Accountants may request and are available to that Party or its Representatives and shall be afforded the opportunity to present to the Independent Accountants any material relating to the disputed issues and to discuss the issues with the Independent Accountants; (ii) the determination by the Independent Accountants, as set forth in a notice to be delivered to the Vendor and the Purchaser within 30 days of the submission to the Independent Accountants of the issues remaining in dispute, shall be final, binding and conclusive on the Parties and shall be used in the definitive determination as to whether any Earn-Out Amount is due or not; and (iii) each of the Purchaser and of the Vendor will bear 50% of the fees and costs of the Independent Accountants for such determination.
- (d) Within 45 days of the last day of each of September, 2019; December, 2019; and March, 2020, the Purchaser shall deliver to the Vendor a non-binding and unofficial draft of the Earn-Out Statements setting forth the Purchaser's estimate of the Net Sales that have accrued up to the date of such draft Earn-Out Statements. Such draft shall not be binding on the Parties, and that the Vendor is under no obligation to deliver a notice of objection regarding the same, and that such draft is intended to only give the Parties hereto an approximation of the likelihood of whether the Purchaser shall be obliged to make the Earn-Out Payment in accordance with the terms and conditions herein. For greater certainty, the Parties acknowledge and agree that the only Earn-Out Statement that shall

bind the Parties hereto, and determine the Vendor's entitlement to receive the Earn-Out Payment, shall be the Earn-Out Statements delivered in accordance with the terms and conditions of 2.7(a).

2.8 Payment of Earn-Out. If there is a definitive determination that an Earn-Out Amount is due and owing to the Vendor pursuant to Section 2.7, the Purchaser shall pay and satisfy the Earn-Out Amount by wire transfer of immediately available funds to the account designated by Vendor within 10 days of such definitive determination.

2.9 Post-Closing Operation of the Purchased Assets – Positive Covenants. Subject to the terms of this Agreement and the other ancillary documents entered into pursuant to this Agreement, during the Earn-Out Period the Purchaser shall operate the Purchased Assets in good faith and in a commercially reasonable manner and in compliance in all material respects with all Applicable Laws, and not in a manner intended to reduce or avoid the achievement or payment of any Earn-Out Amount. Without limiting the generality of the foregoing, the Parties agree that during the Earn-Out Period, the Purchaser shall use the Purchased Assets in a commercially orderly and commercially efficient manner.

2.10 Post-Closing Operation of the Purchased Assets – Negative Covenants. In furtherance of, and without limiting the generality of Section 2.9, except as otherwise expressly approved in advance in writing by the Vendor (which consent shall not be unreasonably withheld, conditioned or delayed), during the Earn-out Period, the Purchaser shall not do any of the following:

- (a) amend in any material respect or terminate (other than in accordance with its terms) or fail to renew any Assumed Contract, or waive, release or assign any rights or claims thereunder; and
- (b) change any accounting principles, practices or methods applicable to the calculation of Net Sales, other than any change required by Applicable Law or GAAP.

2.11 Co-Packing Fees. Purchaser acknowledges having received from Vendor, prior to this Agreement, and amount of \$423,927.18 representing all amounts due and owing, including all tolling fees, pursuant to the Co-Packing Agreement between Purchaser and Vendor, which is hereby terminated, and, for greater certainty and without limiting the generality of the foregoing, the Parties acknowledge and agree that there shall be no further permission, license, rights, entitlements, duties, restrictions, liabilities, or obligations, either pending or existing or that may arise in the future, surviving thereunder.

2.12 Subsection 56.4(7) of the Income Tax Act. The Parties hereby acknowledge that the restrictive covenants contained in Section 4.2(h) are integral to this Agreement and have been granted to maintain or preserve the fair market value of the Purchased Assets. The Parties *confirm that no portion of the Purchase Price* is either paid or allocated to a "restrictive covenant" as that term is defined for the purposes of section 56.4 of the Income Tax Act (or for the equivalent provision of any applicable provincial Law). If requested by the Vendor, the Purchaser shall execute a duly completed joint election under subsection 56.4(7) of the Income Tax Act to have subsection 56.4(5) of the Income Tax Act apply to the restrictive covenants contained in this Agreement, which elections shall be in the prescribed form (if any) and timely filed by the Vendor.

2.13 Preparation of Closing Date Statements.

- (a) *Closing Date Statements.* Promptly after the Closing Time, the Vendor shall prepare, at the Vendor's expense, the Closing Date Statements, which shall be delivered to the Purchaser no later than 15 Business Days following the Closing Date.

- (b) *Access to Records, etc.* During the period from the Closing Date until the date of delivery of the Closing Date Statements, the Purchaser shall give the Vendor and its Representatives such assistance and access to the Books and Records as the Vendor and its Representatives may reasonably request in order to enable them to prepare the Closing Date Statements. The Purchaser's Representatives shall be entitled to be present at Inventory counts and other procedures used in the preparation of the Closing Date Statements (whether such counts are taken before or after Closing) and shall be provided promptly with copies of all working papers created by the Vendor and its Representatives in connection with such preparation.
- (c) *Deemed Acceptance.* If the Purchaser does not give a notice of objection in accordance with Section 2.14, the Purchaser shall be deemed to have accepted the Closing Date Statements prepared by the Vendor which shall be final and binding on the Parties and such Closing Date Statements shall constitute the Closing Date Statements for purposes of this Agreement immediately following the expiry date for the giving of such notice of objection.
- (d) *Shortfall Payment.* If there is a value shortfall of 10% or more between the updated Inventories list within the Closing Date Statements, as finally determined, and the Inventories lists delivered under Schedule 2.1(d) of the Disclosure Letter, the Vendor shall pay to the Purchaser, by wire transfer of immediately available funds, the value shortfall within 30 days from the final determination of the Closing Date Statements.

2.14 Dispute Settlement. If the Purchaser objects to any matter in the Closing Date Statements prepared pursuant to Section 2.13, then the Purchaser shall give notice to the Vendor no later than 30 days after delivery of the Closing Date Statements. Any notice given by the Purchaser shall set forth in detail the particulars of such objection. The Parties shall then use commercially reasonable efforts to resolve such objection for a period of 10 days following the giving of such notice. If the matter is not resolved by the end of such 10 day period, then the dispute with respect to such objection shall be submitted by the Parties to a chartered accountant associated with KPMG LLP (Toronto) or, if KPMG is retained by either Party in relation to this Agreement, or any other matter, at the time of submission, such that it is not independent at such time, to a chartered accountant associated with an accounting firm of recognized national standing in Canada, which is not retained by either Party in relation to this Agreement or any other matter at the time of such submission (the "**Independent Accountant**"). If the Parties are unable to agree on the Independent Accountant within a further 10 day period, either Party may apply to a judge of the Superior Court for the district of Toronto to have such court appoint the Independent Accountant. The Independent Accountant shall, as promptly as practicable (but in any event, within 30 days following its appointment), make a determination of the Closing Date Statements, based solely on written submissions of the Parties given by them to the Independent Accountant. The submissions of each Party shall be disclosed to the other Party and each other Party shall be afforded a reasonable opportunity to respond thereto. The Closing Date Statements as determined by the Independent Accountant shall be final and binding upon the Parties and shall constitute the Closing Date Statements for purposes of this Agreement. The Purchaser and the Vendor shall each pay one-half of the fees and expenses of the Independent Accountant.

2.15 Allocation of Purchase Price. The Purchase Price shall be allocated among the Purchased Assets and Assumed Liabilities in the manner set forth in Schedule 2.15 of the Disclosure Schedule. The Purchaser and the Vendor shall report an allocation of the Purchase Price among the Purchased Assets and Assumed Liabilities in a manner entirely consistent with such Schedule and shall not take any position inconsistent therewith in the filing of any Tax Returns or in the course of any audit by any Governmental Authority, Tax review or Tax proceeding relating to any Tax Returns.

2.16 Sales Tax.

- (1) The Purchase Price is exclusive of any applicable GST/HST, QST, and any other value added, sales, use, transfer or other similar Taxes. Subject to Section 2.16(2), the Purchaser shall be responsible to pay any such Taxes applicable to the purchase and sale of the Purchased Assets under this Agreement.
- (2) The Purchaser and the Vendor shall jointly elect in the prescribed forms and within the prescribed time to have subsection 167(1) of the *Excise Tax Act* (Canada) apply to the purchase and sale of the Purchased Assets and the Purchaser shall timely file such election in accordance with the requirements of such legislation.

2.17 Subsection 20(24) Tax Election. The Purchaser and the Vendor will, if requested by the Purchaser, execute and file a joint election under subsection 20(24) of the Income Tax Act and the corresponding provisions of any applicable provincial taxing statute or regulation, within the prescribed time periods, to have the provisions of such subsection apply to the obligations in respect of undertakings to which paragraph 12(1)(a) of the Income Tax Act applies.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Vendor. The Vendor represents and warrants to the Purchaser, effective as at the Closing Date, unless some earlier time is referred to, as follows:

- (1) *Incorporation and Corporate Power of the Vendor.* The Vendor is a corporation incorporated, organized and subsisting under the laws of the jurisdiction of its incorporation. The Vendor has the corporate power, authority and capacity to execute and deliver this Agreement and all other agreements and instruments to be executed by it as contemplated herein and to perform its other obligations hereunder and under all such other agreements and instruments. The Vendor has the corporate power, authority and capacity to own and dispose of the Purchased Assets to the Purchaser. To the knowledge of the Vendor, no act or proceeding has been taken against the Vendor by any other Person in connection with the dissolution, liquidation, winding up, bankruptcy or insolvency of the Vendor. The Vendor has not taken or authorized any act or proceeding in connection with the dissolution, liquidation, winding up, bankruptcy or insolvency of the Vendor or with respect to any amalgamation, merger, consolidation, arrangement or reorganization of, or relating to, the Vendor and no such proceedings have been Threatened by any other Person.
- (2) *Authorization by the Vendor.* The execution and delivery of this Agreement and all other agreements and instruments to be executed by it as contemplated herein and the completion of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of the Vendor and its shareholders.
- (3) *Enforceability of the Vendor's Obligations.* This Agreement constitutes the valid and binding obligation of the Vendor enforceable against the Vendor in accordance with its terms. The Vendor is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada). There is no Legal Proceeding in progress, pending or Threatened against or affecting the Vendor or affecting the title of the Vendor to any of the Purchased Assets. To the knowledge of the Vendor: (a) there are no grounds on

which any such Legal Proceeding might be commenced; and (b) there is no Order outstanding against or affecting the Vendor which, in any such case, affects adversely or might affect adversely the ability of the Vendor to enter into this Agreement or to perform its obligations hereunder.

- (4) *Residence of the Vendor.* The Vendor is not a non-resident of Canada for purposes of the Income Tax Act.
- (5) *Qualification to do Business.* The Vendor has all necessary corporate power, authority, and capacity to carry on the Business as presently conducted, and to own or lease and operate the Purchased Assets as now carried on, owned or operated.
- (6) *Financial Statements.* The Financial Statements, true and complete copies of which are attached as Schedule 3.1(6)(i) of the Disclosure Letter, have been prepared in accordance with GAAP consistently applied throughout the periods to which they relate, with the exception of those pertaining to the fiscal years 2015 and 2016, which have been prepared in accordance with ASPE. The Financial Statements fairly present the financial position of the Business and the revenues, earnings and results of operations of the Business for the periods indicated therein except for items described in Schedule 3.1(6)(ii). The Financial Statements are accurate and complete in all material respects and are based upon and are consistent with the Books and Records.
- (7) *Books and Records.* The Vendor has made available to the Purchaser all Books and Records. All material financial transactions of the Business have been accurately recorded in the Financial Records in accordance with GAAP. All Books and Records are in the full possession and exclusive control of, and are owned exclusively by, the Vendor and are not dependent upon any computerized or other system, program or device that is not exclusively owned and controlled by the Vendor.
- (8) *Title to and Sufficiency of Purchased Assets.* The Vendor has good and marketable title to all of the Purchased Assets, free and clear of any and all Liens. The Purchased Assets constitute all of the material property and assets, whether currently used or not, Related to the Business and are sufficient to permit the continued operation of the Business in substantially the same manner as conducted in the year ended on the date of the most recent Financial Statements. Schedule 3.1(8) of the Disclosure Letter sets out a complete and accurate list of all locations where the tangible Purchased Assets are situated, including a brief description of such Purchased Assets situated at each location. There is no agreement, option or other right or privilege outstanding in favour of any Person for the purchase from the Vendor of the Business or of any of the Purchased Assets other than the purchase of Inventories in the Ordinary Course of Business.
- (9) *Material Contracts and Assumed Contracts.* Schedule 3.1(9) (i) of the Disclosure Letter lists or identifies all Material Contracts. Neither the Vendor nor, to the knowledge of the Vendor, any other party to any Material Contract is in default under any Material Contract and, to the knowledge of the Vendor, there has not occurred any event which, with the lapse of time or giving of notice or both, would constitute a default under any Material Contract by the Vendor or any other party to any Material Contract. Each Assumed Contract is in full force and effect, unamended by written or oral agreement, and the Vendor is entitled to the full benefit and advantage of each Assumed Contract in accordance with its terms. The Vendor has not received any verbal or written notice of a default by the Vendor under any Assumed Contract or of a dispute between the Vendor

and any other Person in respect of any Assumed Contract. Except as disclosed in Schedule 3.1(9) of the Disclosure Letter, no Consent is required nor is any notice required to be given under any Assumed Contract by any party thereto or any other Person in connection with the completion of the transactions contemplated by this Agreement in order to allow the Purchaser to acquire all rights of the Vendor under such Assumed Contract. The completion of the transactions contemplated by this Agreement will not afford any party to any of the Assumed Contracts the right to terminate any Assumed Contract nor will the completion of such transactions result in the imposition on the Purchaser of any additional or more onerous obligation than what the Vendor is already bound by under any Assumed Contract. Schedule 3.1(9)(ii) of the Disclosure Letter sets out the main business terms of the Assumed Contracts for which there is no formal written contract. No amounts are due under the Assumed Contracts as of the Closing Date.

- (10) *Inventories.* The Inventories consist of items that are current and of good and merchantable quality and not subject to any write-down or write-off and the portion of the Inventories consisting of raw materials and work-in-progress is of a quality useable in the production of finished goods. The portion of the Inventories consisting of finished products has a shelf life of a minimum of four (4) months and, as at the date hereof, is saleable in the Ordinary Course of Business at the normal prices they are currently sold under. Current Inventory levels are consistent with the level of Inventories that has been maintained in the operation of the Business prior to the date hereof in accordance with the operation of the Business in the Ordinary Course of Business. Schedule 2.1(d) of the Disclosure Letter lists all of the Inventories as of the dates indicated therein, which are at the latest 48 hours before Closing Date in all cases.
- (11) *Intellectual Property.*
 - (a) Schedule 3.1(11) of the Disclosure Letter sets forth a complete and correct list of all registered or applied for or other material Intellectual Property currently used by the Vendor in the Business. All of such registrations are active and are recorded in the name of the Vendor. None of such applications for registration has been rejected, withdrawn or opposed.
 - (b) The Vendor owns the Intellectual Property free and clear of any Lien, or other restriction that would prohibit or restrict the way it is presently used, including, without limitation, any restriction under any agreement settling a Legal Proceeding or other restriction. The Vendor is the only owner of the Intellectual Property that it owns, and is entitled to the exclusive and uninterrupted use of such owned Intellectual Property without payment of any royalty or other fees. No Person has any right, title or interest in any of the Intellectual Property and all such Persons have waived their moral rights in any copyright works within the Intellectual Property. The Vendor owns all copyrights in all artwork appearing on its product labels. In this respect, when such artwork has been created by third parties, it has obtained copyright assignments from such third parties.
 - (c) The Vendor has not permitted or licensed any Person to use any of the Intellectual Property other than those licenses which are part of the Purchased Assets. To the knowledge of the Vendor, there is no unauthorized use, disclosure, infringement or misappropriation by any Person of any of the Intellectual Property. The Vendor has not sent to any Person any written notice of any such

unauthorized use, disclosure, infringement or misappropriation by such Person of any of the Intellectual Property, nor has the Vendor Threatened or instituted a Legal Proceeding against any Person relating to the foregoing, for the three (3) years prior to the Closing Date (or earlier if presently not resolved).

- (d) To the knowledge of the Vendor, no Person has challenged the validity of any of the registrations or applications for registration of the material Intellectual Property or the Vendor's rights to any of the material Intellectual Property.
 - (e) To the knowledge of the Vendor neither the use of the Intellectual Property nor the conduct of the Business has infringed or currently infringes upon the intellectual property rights of any other Person. The Vendor has not received nor been Threatened to receive any notice of infringement of intellectual property rights of any other Person. To the knowledge of the Vendor, there are no facts that could reasonably be expected to form the basis of Legal Proceedings which could constitute a *bona fide* claim for infringement of intellectual property rights of any other Person.
- (12) *Compliance with Applicable Law.* In all material respects, the Vendor is conducting the Business in compliance with all material Applicable Laws.
- (13) *Absence of Conflicting Agreements.* The execution, delivery and performance of this Agreement by the Vendor and the completion (with any required Consents and Regulatory Approvals and the giving of any required notices) of the transactions contemplated by this Agreement do not and will not result in or constitute any of the following:
- (a) a default, breach or violation or an event that, with notice or lapse of time or both, would be a default, breach or violation of any of the terms, conditions or provisions of the articles or by laws of the Vendor or of any Material Contract;
 - (b) an event which would cause any right or interest of the Vendor in the Purchased Assets or that forms part of the Purchased Assets to come to an end or be amended in any way that is detrimental to the Business or entitle any other Person to terminate or amend any such right or interest or relieve any other Person of its obligations thereunder;
 - (c) the creation or imposition of any Lien on any of the Purchased Assets; or
 - (d) the violation of any Applicable Law.
- (14) *Legal Proceedings.* Except as set forth and described in Schedule 3.1(14) of the Disclosure Letter, there is no Legal Proceeding in progress, pending or Threatened or affecting the Vendor or the Business or any of the Purchased Assets or title thereto, nor, to the knowledge of the Vendor, is there any factual or legal basis on which any such Legal Proceeding might be commenced with any reasonable likelihood of success. There is no Order made specifically in relation to the Vendor outstanding against or affecting the Vendor or the Business or any of the Purchased Assets. To the knowledge of the Vendor, the relationships of the Vendor with each of its suppliers, shippers and customers are satisfactory, and there are no unresolved disputes with any such supplier, shipper or customer. Without limiting the generality of the foregoing, there is no Legal Proceeding

involving any product liability claim in progress, pending or Threatened alleging any defect in, or failure to warn concerning any risks or damages inherent in, the design or manufacture of or the materials used in any of the products manufactured or distributed by or for the Vendor.

- (15) *Customers and Suppliers.* Schedule 3.1(15) of the Disclosure Letter lists the top twenty customers (determined on the basis of revenues) and the top twenty suppliers (determined on the basis of cost of goods and services purchased) of the Business for each of the last two 12-month periods ending immediately before the date of this Agreement, and the aggregate amount which each such customer was invoiced and each such supplier was paid during such period. The Vendor is not aware of, nor has the Vendor received written notice nor been informed verbally, of any intention on the part of any such customer or supplier to cease doing business with the Vendor or to modify or change any existing arrangement with the Vendor by more than \$100,000 for the purchase of any products from the Business or by more than \$50,000 for the supply of any products to the Business.

- (16) *Products.* The products commercialized by the Business have been materially manufactured in accordance with, and meet all material requirements of, Applicable Law and meet the material specifications in all Contracts with customers of the Business relating to the sale of such products. Without limiting the generality of the foregoing, there are no claims against the Vendor pursuant to any product warranty or with respect to the production, distribution or sale of defective or inferior products. Since January 1, 2017, no product sold by the Vendor has been the subject of a Recall or has been published on any list of Recalls by a Governmental Authority and no facts or circumstances exist that could reasonably be expected to result in any such action. The Vendor is not in material breach of the material terms of any Contract relating to the supply of products.

- (17) *Remittances.* The Vendor has charged, collected and remitted on a timely basis all Taxes as required under Applicable Law on any sale, supply or delivery whatsoever, made by the Vendor.

- (18) *Tax Returns.* The Vendor has filed all Tax Returns required to be filed by it and has paid all Taxes relating to the Business which have been due with respect to the periods covered by such Tax Returns, or pursuant to any assessment received in connection therewith.

- (19) *Sales Tax.* The Vendor is registered for GST/HST. The GST/HST number of Nothing But Nature Inc. is [redacted – GST/HST number]. The Vendor is not registered for QST and is not required to be registered for QST.

- (20) *No Material Adverse Change.* Since December 31, 2018, there has been no Material Adverse Change and, to the knowledge of the Vendor, no event has occurred nor do any circumstances exist which could result in a Material Adverse Change.

- (21) *Absence of Certain Changes or Events.* Since December 31, 2018, the Vendor has carried on the Business in the Ordinary Course of Business and, in particular, but without limitation, has not:

- (a) mortgaged, pledged, granted a security interest in or otherwise created a Lien on any of the Purchased Assets, except in the Ordinary Course of Business and in amounts which, individually and in the aggregate are not material to the financial condition or operation of the Business;
 - (b) entered into any contract or any other transaction that was not in the Ordinary Course of Business;
 - (c) revalued or disposed of any of the Purchased Assets except for sales of Inventory in the Ordinary Course of Business;
 - (d) terminated, cancelled, failed to renew, modified or amended in any material respect or received written or verbal notice or a request for termination, cancellation, modification or amendment of any Material Contract or taken or failed to take any action that would entitle any party to a Material Contract to terminate, modify, cancel or amend any Material Contract;
 - (e) made any change in its accounting principles, policies, practices or methods;
 - (f) settled any litigation or claims, or suffered any judgments, requiring payment by the Vendor or granting injunctive relief or specific performance; or
 - (g) agreed, committed or entered into any understanding to take any actions enumerated in paragraphs (a) to (f) above.
- (22) *Recipes.* All rights and interests in and to product recipes used in connection with the Business are owned by the Vendor except as disclosed in Schedule 3.1(22);
- (23) *Full Disclosure.* None of the foregoing representations and warranties and no document furnished by or on behalf of the Vendor to the Purchaser in connection with the negotiation of the transactions contemplated by this Agreement contains any untrue statement of a material fact or omits to state any material fact necessary to make any such statement or representation not misleading to a prospective purchaser of the Business and the Purchased Assets seeking full information as to the Business and all of the Purchased Assets. To the knowledge of the Vendor, there are no facts not disclosed in this Agreement which, if learned by the Purchaser, might reasonably be expected to materially diminish the Purchaser's evaluation of the value of the Purchased Assets or the Business or of the profitability of the Business or which, if learned by the Purchaser, might reasonably be expected to deter the Purchaser from completing the transactions contemplated by this Agreement on the terms of this Agreement.

3.2 Representations and Warranties of the Purchaser. The Purchaser represents and warrants to the Vendor, effective as at the Closing Date, unless some earlier time is referred to, as follows:

- (1) *Incorporation and Corporate Power.* The Purchaser is a corporation incorporated, organized and subsisting under the laws of Quebec. The Purchaser has the corporate power, authority and capacity to execute and deliver this Agreement and all other agreements and instruments to be executed by it as contemplated herein and to perform its obligations under this Agreement and under all such other agreements and instruments. The Purchaser has the corporate power, authority and capacity to own and acquire the Purchased Assets from the Vendor.

- (2) *Authorization by Purchaser.* The execution and delivery of this Agreement and all other agreements and instruments to be executed by it as contemplated herein and the completion of the transactions contemplated by this Agreement and all such other agreements and instruments related to the Agreement and the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of the Purchaser.
- (3) *Enforceability of Obligations.* This Agreement has been duly executed and delivered by the Purchaser and constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms.
- (4) *Absence of Conflict.* The consummation of the transactions contemplated herein will not violate, or be in conflict with, constitute a default under, result in a breach or violation of, as applicable, any of the constating documents, by-laws, unanimous shareholders agreement, or governing documents of the Purchaser, any resolution of the directors or shareholders of the Purchaser, any Applicable Law applicable to the Purchaser or any Contract to which the Purchaser is a party.
- (5) *Residency.* The Purchaser is not a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada), or a non-resident of Canada for the purposes of the *Income Tax Act* (Canada).
- (6) *Sales Tax.* The Purchaser is registered for GST/HST and QST and its registration numbers are [redacted – GST/HST number] and [redacted – QST number].

3.3 Commissions. Each Party represents and warrants to the other Party that such other Party will not be liable for any brokerage commission, finder's fee or other similar payment in connection with the transactions contemplated by this Agreement because of any action taken by, or agreement or understanding reached by, that Party.

ARTICLE 4

CLOSING ARRANGEMENTS

4.1 Closing. The Closing shall take place on the Closing Date at the offices of the Purchaser in Rougemont, Quebec, or at such other time on the Closing Date or such other place as may be agreed orally or in writing by the Vendor and the Purchaser. The Closing shall not be a physical Closing, but shall occur by delivery of signatures in PDF or similar electronic format delivered via email by all Persons on the Closing Date of each of the documents required to be delivered by such Party pursuant to the terms hereof. All acts, deliveries and confirmations comprising the Closing, regardless of chronological sequence, shall be deemed to occur contemporaneously and simultaneously at 11:59 p.m. Toronto time on the Closing Date.

4.2 Vendor's Closing Deliveries. At the Closing, in addition to an executed copy of this Agreement and of the Disclosure Letter, the Vendor shall deliver or cause to be delivered to the Purchaser the following documents:

- (a) a general conveyance agreement in the form of Exhibit A duly executed by the Vendor, together with such other deeds of conveyance, assignments, consents, agreements, documents and instruments as may be reasonably required by the Purchaser to complete the transactions provided for in this Agreement;

- (b) such notice as the Purchaser may reasonably require, in a form satisfactory to the solicitors of both the Vendor and the Purchaser, to be given to other parties under Assumed Contracts regarding their assignment to the Purchaser;
- (c) copies of the Assumed Contracts and all files and correspondence relating to them and, when such contracts are not formalized by a formal written agreement, in addition to the foregoing, all other relevant documentation shall be provided, including relevant copies of e-mails;
- (d) a certificate of the President or other senior officer of the Vendor dated as of the Closing Date in the form of Exhibit B;
- (e) the election referred to in Section 2.17;
- (f) a confirmation from J.D. Smith & Sons Ltd of the finished products inventory that is part of the Inventories list referred to in Schedule 2.1(d) of the Disclosure Letter and a reconciliation between such finished products inventory and the finished product inventory list generated by J.D. Smith & Sons Ltd's system;
- (g) the Escrow Agreement, duly executed by the Vendor;
- (h) a non-competition agreement in the form of Exhibit E, duly executed by each of the Vendor and Greenspace Brands Inc.;
- (i) an assignment of trademarks in the form of Exhibit G;
- (j) an assignment of domain name in the form of Exhibit H;
- (k) an opinion of the Vendor's Counsel substantially in the form of Exhibit I;
- (l) articles of amendment effective on the Closing Date evidencing the change of the Vendor's corporate name to a name which does not include "Nothing but Nature" nor any business name, trade name, brand name, slogan or trademark which is part of the Intellectual Property or any part thereof or any word or phrase similar thereto;
- (m) all such other assurances, consents, agreements, documents and instruments as may be reasonably required by the Purchaser to complete the transactions provided for in this Agreement, all of which shall be in form and substance satisfactory to the Purchaser, acting reasonably;
- (n) copy, satisfactory to the Purchaser, of a no-interest letter in respect of the Lien specified in Schedule 4.2(n) of the Disclosure Letter; and
- (o) all electronic files or other mutually acceptable media pertaining to artwork, label designs, photography, illustration, language, statement, claims, layout and information related to the labels and packaging of the products commercialized by the Business that is in the possession of the Vendor on the Closing Date.

4.3 Purchaser's Closing Deliveries. At the Closing, in addition to an executed copy of this Agreement, the Purchaser shall deliver or cause to be delivered to the Vendor the following documents and payments:

- (a) the Primary Payment, as contemplated by Section 2.5(a);
- (b) the Escrow Amount as contemplated by Section 2.5(b);
- (c) a general conveyance agreement in the form of Exhibit A duly executed by the Purchaser;
- (d) a certificate of the President or other senior officer of the Purchaser dated as of the Closing Date in the form of Exhibit I;
- (e) an opinion of Purchaser's Counsel substantially in the form of Exhibit L;
- (f) the election referred to in Section 2.12;
- (g) the Escrow Agreement, duly executed by the Purchaser;
- (h) a non-competition agreement in the form of Exhibit E, duly executed by the Purchaser; and
- (i) all such other assurances, consents, agreements, documents and instruments as may be reasonably required by the Vendor to complete the transactions provided for in this Agreement, all of which shall be in form and substance satisfactory to the Vendor, acting reasonably.

4.4 Escrow Amount. Pursuant to the terms of this Agreement and the Escrow Agreement, the Escrow Amount shall be available to Purchaser for a period of six (6) months solely to satisfy its rights, if any, to payment of indemnification under Section 5.1(a) of this Agreement. The Escrow Amount will be held as a trust fund and will not be subject to any Lien, attachment, trustee process or any other judicial process of any creditor of any Party hereto.

4.5 Possession. On the Closing Date, the Vendor shall deliver or cause to be delivered to the Purchaser possession of the Purchased Assets.

4.6 Receivables. The Vendor shall be entitled to all profits, revenues, benefits and Receivables arising on or prior to the Closing Date. The Purchaser shall be entitled to all profits, revenues, benefits and Receivables of the Business arising after the Closing Date. In the event that the Vendor or the Purchaser receives payment for a Receivable to which the other Party is entitled pursuant to the terms and intent of this Agreement, then the Party who received such payment shall immediately remit to the other all payments received on the other's accounts.

ARTICLE 5

INDEMNIFICATION

5.1 Indemnity by the Vendor. Subject to the limitations set forth in this Agreement, including without limitation those contained in this Article 5, the Vendor shall indemnify the Purchaser's Indemnified Parties and save them fully harmless against, and will reimburse or compensate them for, any Damages arising from, in connection with or related in any manner whatever to:

- (a) any incorrectness in or breach of any representation or warranty of the Vendor contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement;

- (b) any breach or any non fulfilment of any covenant or agreement on the part of the Vendor contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement;
- (c) any Liability arising from the ownership or operation of the Business or the Purchased Assets on or prior to the Closing Date; provided, however, for greater certainty, that no such indemnification shall be required for any Assumed Liabilities;
- (d) defects or deficiencies in any product or component thereof commercialized or distributed or any services provided by the Vendor, in whole or in part, on or prior to the Closing Date; the foregoing shall exclude defects or deficiencies in any product co-packed by the Purchaser for the Vendor prior to the Closing Date, provided such defects or deficiencies do not pertain to the content or Intellectual Property appearing on the product packaging;
- (e) any Legal Proceeding Related to the Business to which the Vendor is a party at any time on or prior to the Closing Date, or to which it becomes a party on or after the Closing Date arising from facts or circumstances that existed at any time on or prior to the Closing Date; the foregoing shall exclude any Legal Proceeding related to any product co-packed by the Purchaser for the Vendor prior to the Closing Date, provided such Legal Proceeding does not pertain to the content or Intellectual Property appearing on the product packaging;
- (f) any breach or alleged breach of any Material Contract by the Vendor which occurred on or prior to the Closing Date or which results from a conduct which commenced on or prior to the Closing Date if such breach or alleged breach occurs after the Closing Date; and
- (g) the Excluded Liabilities.

and, for greater certainty and without limiting the generality of the provisions of Sections 5.1(a) and (b), the indemnity provided for in this Section 5.1 shall extend to any Damages arising from any act, omission or state of facts that occurred or existed on or prior to the Closing Time, and whether or not disclosed in any Schedule to the Disclosure Letter. The waiver of any condition to Closing based upon the accuracy of any representation and warranty or the performance of any covenant shall not affect the right to indemnification, reimbursement or other remedy based upon such representation, warranty or covenant.

5.2 Indemnity by the Purchaser. Subject to the limitations set forth in this Agreement, including without limitation those contained in this Article 5, the Purchaser shall indemnify the Vendor's Indemnified Parties and save them fully harmless against, and will reimburse or compensate them for, any Damages arising from, in connection with or related in any manner whatever to:

- (a) any incorrectness in or breach of any representation or warranty of the Purchaser contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement;
- (b) any breach or non fulfilment of any covenant or agreement on the part of the Purchaser contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement;

- (c) any Liability arising from the ownership or use of the Purchased Assets after the Closing Date; provided, however, for greater certainty, that no such indemnification shall be required for any Excluded Liabilities;
- (d) the Assumed Liabilities;
- (e) defects or deficiencies in any product co-packed by Purchaser for the Vendor on or prior to the Closing Date, provided such defects or deficiencies do not pertain to the content or Intellectual Property appearing on the product packaging; and
- (f) any Legal Proceeding related to any product co-packed by the Purchaser for the Vendor on or prior to the Closing Date, provided such Legal Proceeding does not pertain to the content or Intellectual Property appearing on the product packaging.

The waiver of any condition to Closing based upon the accuracy of any representation and warranty or the performance of any covenant shall not affect the right to indemnification, reimbursement or other remedy based upon such representation, warranty or covenant.

5.3 Notice of Claim. If an Indemnified Party becomes aware of any act, omission or state of facts that may give rise to Damages in respect of which a right of indemnification is provided for under this Article 5, the Indemnified Party shall promptly give written notice thereof (a "**Notice of Claim**") to the Indemnifying Party. Such notice shall specify whether the potential Damages arise as a result of a claim by a Person against the Indemnified Party (a "**Third Party Claim**") or whether the potential Damages do not so arise from a Third Party Claim (a "**Direct Claim**"), and shall also specify with reasonable particularity (to the extent that the information is available):

- (a) the factual basis for the Direct Claim or Third Party Claim, as the case may be; and
- (b) the amount of the potential Damages arising therefrom, if known.

If, through the fault of the Indemnified Party, the Indemnifying Party does not receive notice of a particular claim in time effectively to contest the determination of any liability susceptible of being contested or to assert a right to recover an amount under applicable insurance coverage, then the liability of the Indemnifying Party to the Indemnified Party under this Article 5 shall be reduced to the extent that Damages are incurred by the Indemnifying Party resulting from the Indemnified Party's failure to give such notice on a timely basis. Nothing in this Section 5.3 shall be construed to affect the time within which a Notice of Claim must be delivered pursuant to Sections 5.4(1) and 5.4(2) in order to permit recovery pursuant to Section 5.1(a) or 5.2(a) as the case may be.

5.4 Time Limits for Delivery of Notice of Claim.

- (1) *Notice by the Purchaser.* No Damages may be recovered from the Vendor:
 - (a) pursuant to Section 5.1(a), unless a Notice of Claim is delivered by the Purchaser on or before the following dates:
 - (i) with respect to the representations and warranties in Sections 3.1(1) to 3.1(4) inclusive and the first sentence of Section 3.1(8), at any time after Closing; and

- (ii) with respect to all other representations and warranties contained in Section 3.1 on or before the last Business Day of the eighteenth month after the Closing Date.
- (b) pursuant to Sections 5.1(b) through 5.1(g), unless a Notice of Claim is delivered by the Purchaser on or before the second anniversary of the Closing Date.

Unless a Notice of Claim has been given on or before the date set out above with respect to each particular representation and warranty or matter, the Vendor shall be released on such date from all obligations in respect of that particular representation and warranty or matter and from the obligation to indemnify the Purchaser's Indemnified Parties in respect thereof pursuant to Section 5.1. This Section 5.4(1) shall not be construed to reduce the time limit on the Purchaser's right to assert a claim for a breach of a representation and warranty at any time following the Closing arising from a fraud or a fraudulent, willful or intentional misrepresentation by the Vendor.

- (2) *Notice by the Vendor.* No Damages may be recovered from the Purchaser pursuant to Section 5.2(a) unless a Notice of Claim is delivered by the Vendor on or before the following dates:
 - (a) with respect to the representations and warranties in Sections 3.2(1) to 3.2(4) inclusive, at any time after Closing; and (b) with respect to all other representations and warranties contained in Section 3.2, on or before the second anniversary of the Closing Date. Unless a Notice of Claim has been given on or before such date with respect to each particular representation and warranty, the Purchaser shall be released on such date from all obligations in respect of that particular representation and warranty and from the obligation to indemnify the Vendor's Indemnified Parties in respect thereof pursuant to Section 5.2(a). This section 5.4(2) shall not be construed to impose any time limit on the Vendor's right to assert a claim for a breach of a representation and warranty at any time following the Closing arising from a fraud or a fraudulent, willful or intentional misrepresentation by the Purchaser.

5.5 Calculation of Damages.

- (a) While for purposes of determining whether there exists a breach or inaccuracy of a representation or warranty given by a Party, the inclusion therein of limitations or qualifications as to knowledge or materiality, such as the words "knowledge", "aware", "material", "immaterial", "in all material respects" or words or phrases of similar import must be taken into account, once there has been a determination of the existence of a breach or inaccuracy of such a representation or warranty, for the purpose of calculating the amount of Damages for the purposes of this Article 5, the representations and warranties of the Parties contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement shall be deemed to have been made without qualifications as to knowledge or materiality where the words or phrases "knowledge", "aware", "material", "immaterial", "in all material respects" or words or phrases of similar import are used.
- (b) For the purposes of calculating any Damages, such Damages shall be calculated net of any amounts recovered or recoverable by the Purchaser's Indemnified Parties under any applicable third-party insurance policies or from any third party alleged to be responsible therefor.

5.6 Agency for Non-Parties. Each Party hereby accepts each indemnity in favour of each of its Indemnified Parties who are not Parties as agent of that Indemnified Party. Each Party may enforce an indemnity in favour of any of that Party's Indemnified Parties on behalf of each such Indemnified Party.

5.7 Third Party Claims. In the case of a Third Party Claim, the provisions in the following paragraphs of this Section 5.7 apply.

- (a) The Indemnifying Party shall have the right, at its expense, to participate in but not control the negotiation, settlement or defence of the Third Party Claim, which control shall rest at all times with the Indemnified Party, unless the Indemnifying Party:
 - (i) irrevocably acknowledges in writing complete responsibility for, and agrees to indemnify the Indemnified Party in respect of, the Third Party Claim; and
 - (ii) furnishes evidence to the Indemnified Party which is satisfactory to the Indemnified Party of its financial ability to indemnify the Indemnified Party;

in which case the Indemnifying Party may assume such control at its expense through counsel of its choice.

- (b) If the Indemnifying Party elects to assume control as contemplated in Section 5.7(a), the Indemnifying Party shall reimburse the Indemnified Party for all of the Indemnified Party's out-of-pocket expenses incurred as a result of such participation or assumption. The Indemnified Party shall continue to have the right to participate in the negotiation, settlement or defence of such Third Party Claim and to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party unless the Indemnifying Party consents to the retention of such counsel at its expense or unless the named parties to any action or proceeding include both the Indemnifying Party and the Indemnified Party and a representation of both the Indemnifying Party and the Indemnified Party by the same counsel would be inappropriate due to the actual or potential differing interests between them (such as the availability of different defences), in which case the fees and disbursements of such counsel shall be paid by the Indemnifying Party. The Indemnified Party shall co-operate with the Indemnifying Party so as to permit the Indemnifying Party to conduct such negotiation, settlement and defence and for this purpose shall preserve all relevant documents in relation to the Third Party Claim, allow the Indemnifying Party access on reasonable notice to inspect and take copies of all such documents and require its personnel to provide such statements as the Indemnifying Party may reasonably require and to attend and give evidence at any trial or hearing in respect of the Third Party Claim.
- (c) If, having elected to assume control of the negotiation, settlement or defence of the Third Party Claim, the Indemnifying Party thereafter fails to conduct such negotiation, settlement or defence with reasonable diligence, then the Indemnified Party shall be entitled to assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim.
- (d) If any Third Party Claim is of a nature such that (i) the Indemnified Party is required by Applicable Law, or (ii) it is necessary in the reasonable view of the Indemnified Party acting in good faith and in a manner consistent with reasonable commercial practices, in respect of (A) a Third Party Claim by a customer relating to products or services supplied by the Business or (B) a Third Party Claim relating to any Contract which is necessary to

the ongoing operations of the Business or any material part thereof in order to avoid material damage to the relationship between the Indemnified Party and any of its major customers or to preserve the rights of the Indemnified Party under such an essential Contract, to make a payment to any Person (a "**Third Party**") with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, as the case may be, then the Indemnified Party may make such payment and the Indemnifying Party shall, promptly after demand by the Indemnified Party, reimburse the Indemnified Party for such payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, promptly after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party.

- (e) If the Indemnifying Party fails to assume control of the defence of any Third Party Claim, the Indemnified Party shall have the exclusive right to contest, settle or pay the amount claimed and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim. Whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnifying Party shall not settle any Third Party Claim without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed.

5.8 Interest on Damages. The amount of any Damages which is subject to indemnification hereunder shall bear interest from and including the date the Indemnified Party was notified of the claim for Damages at the Prime Rate calculated from and including such date to but excluding the date reimbursement of such Damages by the Indemnifying Party is made, compounded monthly, and the amount of such interest shall be deemed to be part of such Damages.

5.9 PST Clearance Certificate(s). The Purchaser shall not require compliance by the Vendor with their obligations, if any, under Section 6 of the *Retail Sales Tax Act* (Ontario), and any similar legislation of any province in which the Purchased Assets are located, in connection with the completion of the transactions provided in this Agreement. The Vendor agree to indemnify and save harmless the Purchaser from and against any retail sales tax, penalties, interest and other amounts payable by or assessed against the Purchaser by reason of such non-compliance with Section 6 of the *Retail Sales Tax Act* (Ontario), and any similar legislation of any province.

5.10 Limitation on Damages. The maximum amount for which the Vendor shall be required to indemnify the Purchaser's Indemnified Parties in respect of any and all Claims shall be \$2,000,000, with the exception of any and all Claims or Damages arising from fraud, fraudulent or willful misrepresentation or willful breach of a covenant contained herein or in any other document delivered pursuant to this Agreement.

5.11 Indemnification Amount. Notwithstanding any other provision of this Agreement, the Vendor shall not be required to indemnify and shall have no liability to any Purchaser's Indemnified Party for indemnification for Damages pursuant to Section 5.1 until the aggregate amount of all such Damages exceeds \$75,000 (the "**Indemnification Trigger Amount**") in which event the Vendor shall be responsible for the entire amount of such Damages, including the amount below the Indemnification Trigger Amount.

5.12 One Recovery. Any Indemnified Party who is indemnified hereunder will not be entitled to be compensated more than once for the same Damages and will not be entitled to double recovery for any Claim even though the Claim may have resulted from the breach of more than one of the representations, warranties, agreements and covenants made by the Indemnifying Party in this Agreement.

5.13 Duty to Mitigate. Nothing in this Agreement shall in any way restrict or limit the general obligation at law of an Indemnified Party to mitigate any Damages which it may suffer or incur by reason of the breach by an Indemnifying Party of any representation, warranty or covenant of the Indemnifying Party under this Agreement.

5.14 Tax Status of Indemnification Payments. Any payment made by the Vendor pursuant to this Article 5 will constitute a reduction of the Purchase Price and any payment made by the Purchaser pursuant to this Article 5 will constitute an increase in the Purchase Price.

5.15 Sole and Exclusive Remedy. The Parties acknowledge and agree that, except as provided in this Article 5 and as otherwise provided in this Agreement, their sole and exclusive remedy after the Closing Date with respect to any Claim relating to the subject matter of this Agreement shall be pursuant to provisions of this Article 5; provided, however, that if after Closing a Party makes a Claim for indemnification in accordance with Article 5 and the other Party refuses to make payment for Damages or otherwise provide satisfaction in respect of that Claim, then the Party making the Claim for indemnification may bring a legal proceeding to seek a remedy for that refusal.

ARTICLE 6 **COVENANTS**

6.1 Letter to Customers. The Vendor shall deliver upon demand from Purchaser after Closing to all customers of the Business a letter in the form of Exhibit M.

6.2 Vendor's Name. The Vendor acknowledges that the corporate name of the Vendor in its current form and the Kiju trademark are included in the Purchased Assets and that none of them may use same or any confusingly similar corporate name or trademark after Closing whether as part of a corporate or business name or trademark or otherwise and whether or not such use would compete with the Business or the Purchaser.

6.3 Telephone number. The Vendor shall, for a period of one year after the Closing Date, promptly direct any inquiries it receives regarding the Business at the telephone number (416) 934-5034 to info@kijuorganic or to [redacted personal information for confidentiality reasons], either by email to [redacted personal information for confidentiality reasons] or by phone to [redacted personal information for confidentiality reasons].

6.4 Books and Records. The Purchaser covenants and agrees to maintain in safekeeping the Books and Records delivered pursuant to Section 2.1(c) for seven years following the Closing Date which relate to periods prior to the Closing Date and, if the Vendor, or Greenspace Brands Inc., or both, is investigated or audited by a taxation or other Governmental Authority or for any other *bona fide* business purpose that is not adverse to the interests of the Purchaser, the Purchaser will allow the Vendor or Greenspace Brands Inc., and their Representatives, as the case may be, upon reasonable prior notice which shall contain all written evidence of such audit or investigation or if not applicable a written explanation of the *bona fide* business purpose leading to such investigation or audit, reasonable access to such records at the request of the Vendor or Greenspace Brands Inc., acting reasonably, for the purpose of attending to such investigation, audit or *bona fide* business purpose, which access shall be at locations to be determined by the Purchaser, during normal business hours and at such other time or times as the Purchaser may

determine and in such a manner so as not to interfere unreasonably with the conduct of the business of Purchaser.

ARTICLE 7

GUARANTEE BY GREENSPACE BRANDS INC.

7.1 Guarantee. Greenspace Brands Inc. hereby guarantees, solidarily with the Vendor, the performance and observance by the Vendor of all of the representations, warranties, covenants, obligations and undertakings of the Vendor set forth in this Agreement or in any agreement which is an Exhibit hereto and, in respect thereof, hereby waives the benefits of division and discussion.

ARTICLE 8

INTERPRETATION

8.1 Accounting Principles. Whenever in this Agreement reference is made to "**generally accepted accounting principles**", or to "**GAAP**", such reference shall be deemed to be to the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor entity thereto, applicable as at the date on which such principles are to be applied or on which any calculation or determination is required to be made in accordance with generally accepted accounting principles.

8.2 Actions on Non-Business Days. If any payment is required to be made or other action (including the giving of notice) is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be considered to have been made or taken in compliance with this Agreement if made or taken on the next succeeding Business Day.

8.3 Currency. Except as otherwise expressly provided in this Agreement, all dollar amounts referred to in this Agreement are stated in Canadian Dollars.

8.4 Calculation of Interest. In calculating interest payable under this Agreement for any period of time, the first day of such period shall be included and the last day of such period shall be excluded.

8.5 Calculation of Time. In this Agreement, a period of days shall be deemed to begin on the first day after the event which began the period and to end at 5:00 p.m. Toronto time on the last day of the period. If any period of time is to expire hereunder on any day that is not a Business Day, the period shall be deemed to expire at 5:00 p.m. Toronto time on the next succeeding Business Day.

8.6 Knowledge. Where any representation, warranty or other statement in this Agreement is expressed to be made by the Vendor to its knowledge or is otherwise expressed to be limited in scope to facts or matters known to the Vendor or of which the Vendor is aware, it shall mean such knowledge as is actually known to any of (i) the Principals, employees, or officers of the Vendor, of Greenspace Brands Inc. or of any of its Affiliates or (ii) employees of the Vendor, of Greenspace Brands Inc. or of any of its Affiliates who, in each case, have overall responsibility for or knowledge of the matters relevant to such statement or of which notice (oral or written) has been given to any of the Principals or to such officers or employees.

8.7 Additional Rules of Interpretation.

- (a) *Headings and Table of Contents.* The inclusion in this Agreement of headings of Articles and Sections is for convenience of reference only and is not intended to be full or precise descriptions of the text to which they refer.

- (b) *Words of Inclusion.* Wherever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation" and the words following "include", "includes" or "including" shall not be considered to set forth an exhaustive list.
- (c) *References to this Agreement.* The words "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions shall be construed as referring to this Agreement in its entirety and not to any particular Section or portion of it.
- (d) *Statute References.* Unless otherwise indicated, all references in this Agreement to any statute include the regulations thereunder, in each case as amended, re-enacted, consolidated or replaced from time to time and in the case of any such amendment, re-enactment, consolidation or replacement, reference herein to a particular provision shall be read as referring to such amended, re-enacted, consolidated or replaced provision and also include, unless the context otherwise requires, all applicable guidelines, bulletins or policies made in connection therewith and which are legally binding.

8.8 No Implied Representations and Warranties. Except as expressly set forth in Section 3.1, as supplemented by the Disclosure Letter, the Vendor does not make any warranty or representation of any kind whatsoever, direct or indirect, express or implied, in fact or by Applicable Law, with respect to the Vendor, the Purchased Assets, the Assumed Liabilities, the Business or the data or information supplied by the Vendor or any of their Representatives, to the Purchaser or its Representatives in connection herewith. The Purchaser acknowledges that it is not relying on any representations or warranties with respect to the Vendor, the Purchased Assets, the Assumed Liabilities or the Business, except as set forth in this Agreement, as supplemented by the Disclosure Letter. For greater certainty, the Parties agree that the implied warranties contained in the *Sale of Goods Act* (Ontario) and analogous legislation in other provinces shall have no application to this Agreement and are hereby expressly disclaimed.

8.9 Schedules and Exhibits. The following are the Exhibits and Schedules to the Disclosure Letter, attached to and incorporated in this Agreement by reference and deemed to be a part hereof:

EXHIBITS

Exhibit A	Form of General Conveyance Agreement
Exhibit B	Form of Senior Officer's Certificate of the Vendor
Exhibit C	Intentionally omitted
Exhibit D	Escrow Agreement
Exhibit E	Form of Corporate Non-Competition Agreement
Exhibit F	Intentionally omitted
Exhibit G	Form of Trademark Assignment
Exhibit H	Form of Domain Name Assignment
Exhibit I	Form of Legal Opinion of the Vendor's Counsel
Exhibit J	Form of Senior Officer's Certificate of the Purchaser
Exhibit K	Intentionally omitted
Exhibit L	Form of Legal Opinion of the Purchaser's Counsel
Exhibit M	Form of Letter to Customers

DISCLOSURE LETTER SCHEDULES

Schedule 2.1(a)(i)	Trademarks
Schedule 2.1(a)(ii)	Business, trade and corporate names, communications addresses
Schedule 2.1(a)(vi)	Licenses related to Intellectual Property
Schedule 2.1(b)	UPC Codes, Listings and Related Items
Schedule 2.1(d)	Inventories
Schedule 2.1(h)	Assumed Contracts
Schedule 2.15	Allocation of the Purchase Price
Schedule 3.1(6)(i)	Financial Statements
Schedule 3.1(6)(ii)	Financial Statements Adjustments
Schedule 3.1(8)	Locations of tangible Purchased Assets
Schedule 3.1(9)(i)	Material Contracts
Schedule 3.1(9)(ii)	Summary of main business terms of non-written Assumed Contracts
Schedule 3.1(11)	Intellectual Property
Schedule 3.1(14)	Legal Proceedings
Schedule 3.1(15)	Top twenty customers and suppliers
Schedule 3.1(22)	Recipes
Schedule 4.2(n)	No-Interest Letter

ARTICLE 9
GENERAL

9.1 Expenses. Except as otherwise expressly provided herein, each Party shall be responsible for all costs and expenses incurred by it in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the transactions contemplated by this Agreement.

9.2 Public Announcements. Except to the extent otherwise required by Applicable Law or with the prior consent of the other Party hereto, neither Party shall make any public announcement regarding this Agreement or the transactions contemplated by this Agreement. The Parties acknowledge that the Vendor or the Vendor's parent is required, in accordance with applicable securities laws and the terms of this Agreement, to make announcements and certain prescribed disclosures regarding the transactions contemplated herein. The Vendor shall submit the draft press release regarding this Agreement to the Purchaser for prior written approval.

9.3 Notices.

- (1) *Mode of Giving Notice.* Any notice, direction, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or registered mail, or (iii) sent by e-mail, in each case to the applicable address set out below:

- (a) if to the Vendor, to:

2047480 ONTARIO INC.

e-mail: matt@greenspacebrands.com
 Attention: Matthew von Teichman

and:

Greenspace Brands Inc.
 176 St. George Street
 Toronto, Ontario M5R 2M7

e-mail: matt@greenspacebrands.com
 Attention: Matthew von Teichman

with a copy to:

BENNETT JONES LLP
 Suite 3400
 1 First Canadian Place
 P.O. Box 130
 Toronto, Ontario
 M5X 1A4

e-mail: AliKhanA@bennettjones.com
 Attention: Abbas Ali Khan

(b) if to the Purchaser, to:

A. LASSONDE INC.
 170, 5th Avenue
 Rougemont, Quebec JOL 1MO

e-mail: [redacted personal information for confidentiality reasons]
 Attention: Jean Gattuso, President and Chief Executive Officer

with a copy to:

INDUSTRIES LASSONDE INC.
 755 Principale Street
 Rougemont, Quebec JOL 1M0

e-mail: [redacted personal information for confidentiality reasons]
 Attention: Caroline Lemoine, Vice President, General Counsel and Secretary

- (2) *Deemed Delivery of Notice.* Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered or sent before 4:30 p.m. Toronto time on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. No such communication shall be sent by registered mail during any actual or apprehended disruption of postal services.

- (3) *Change of Address.* Any Party may from time to time change its address under this Section by notice to the other Parties given in the manner provided by this Section.

9.4 Further Assurances. Each Party shall from time to time promptly execute and deliver or cause to be executed and delivered all such further documents and instruments and shall do or cause to be done all such further acts and things in connection with this Agreement that the other Party may reasonably require as being necessary or desirable in order to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement or any provision hereof.

9.5 Entire Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, (including that Letter of Agreement executed by the Vendor and the Purchaser on February 20, 2019, as amended on April 18, 2019 and on May 16, 2019).

9.6 Amendment. No amendment of this Agreement shall be effective unless made in writing and signed by the Parties.

9.7 Waiver. A waiver of any default, breach or non-compliance under this Agreement shall not be effective unless in writing and signed by the Party to be bound by the waiver. No waiver shall be inferred from or implied by any failure to act or delay in acting by a Party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other Party. The waiver by a Party of any default, breach or non-compliance under this Agreement will not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

9.8 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

9.9 Remedies Cumulative. The rights and remedies herein provided to a Party are cumulative and in addition to and not exclusive of or in substitution for any rights and remedies otherwise available to that Party.

9.10 Governing Law. This Agreement is governed by and is to be interpreted, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to conflict of law principles. The Ontario Superior Courts shall have sole, irrevocable, exclusive and unconditional jurisdiction for any legal proceedings arising from this Agreement or from the performance of any obligations hereunder.

9.11 Successors and Assigns. This Agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns. Neither Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior written consent of the other Party provided that the Purchaser may assign its rights hereunder to purchase all or any part of the Purchased Assets (together with the benefit of all representations, warranties, covenants and rights to indemnity related thereto) to Industries Lassonde Inc. or any subsidiary thereof. However, in such cases, the Purchaser shall remain solidarily responsible for the performance of all of its obligations hereunder. Without limiting the generality of the foregoing, the Purchaser hereby assigns to Industries Lassonde Inc. its rights hereunder to purchase the Intellectual Property forming part of the Purchased Assets and the Vendor accepts such assignment.

9.12 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Party by e-mail and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving Party.

9.13 Language. The Parties have required that this Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English language. *Les parties aux présentes ont exigé que le présent contrat et tous autres contrats, documents ou avis afférents aux présentes soient rédigés en langue anglaise.*

9.14 Privileged Communications. The Parties hereby confirm and agree that disclosure of any Privileged Communications to, or knowledge (whether actual or constructive) of any Privileged Communications by, the Purchaser or any Representative of the Purchaser following Closing shall be presumed to be inadvertent and shall in no way be taken by any of the Parties as any waiver of solicitor-client privilege by the Vendor. The Purchaser hereby agrees not to make use any of, to promptly return to the Vendor, and to permanently destroy, erase or make inaccessible, any Privileged Communications that are inadvertently disclosed to any Representative of the Purchaser following Closing.

[Signatures appear on next page]

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

NOTHING BUT NATURE INC.

By: (signed) "Matthew von Teichman"
Name: Matthew von Teichman
Title: Chief Executive Officer

GREENSPACE BRANDS INC.

By: (signed) "Matthew von Teichman"
Name: Matthew von Teichman
Title: President and Chief Executive Officer

**ZURBAN BEVERAGES, a division of
A. LASSONDE INC.**

By: (signed) "Jean Gattuso"
Name: Jean Gattuso
Title: President and Chief Executive Officer

APPENDIX 1

DEFINITIONS

In this Agreement, unless the context otherwise requires, the following terms shall have the following meanings:

"Affiliate" means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to "control" another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term "controlled" shall have a similar meaning.

"Agreement" means this asset purchase agreement, all the Appendix, Exhibits and the Disclosure Letter.

"Applicable Law" means, with respect to any Person, property, transaction, event or other matter, (i) any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, rule, municipal by-law, Order or other requirement having the force of law, (ii) any policy, practice, protocol, standard or guideline of any Governmental Authority which, although not necessarily having the force of law, is regarded by such Governmental Authority as requiring compliance as if it had the force of law relating or applicable to such Person, property, transaction, event or other matter.

"ASPE" means Accounting Standards for Private Enterprises as issued by the Financial Reporting & Assurance Standards Canada, consistently applied throughout the periods covered thereby, as in effect from time to time.

"Assumed Contracts" has the meaning set out in Section 2.1.

"Assumed Liabilities" has the meaning set out in Section 2.3.

"Books and Records" has the meaning set out in Section 2.1.

"Business" means the business carried on by the Vendor which involves the development, marketing, sub-contracting, commercialization and distribution of juices, beverages and iced teas under the "Kiju Organic" and "Kiju Organic Fit" brands; but, for greater certainty, does not include the Excluded Business.

"Business Day" means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Toronto (Ontario).

"Canadian Dollars" means the lawful currency of Canada.

"Claim" means a Direct Claim or a Third Party Claim.

"Closing" means the completion of the purchase and sale of the Purchased Assets and Assumed Liabilities in accordance with the provisions of this Agreement.

"Closing Date" means the date appearing in the heading of this Agreement.

"Closing Date Statements" means an update, as of the Closing Date, of (a) the Inventories list of Schedule 2.1(d) of the Disclosure Letter, together with the related values in accordance with GAAP, and of (b) the list and reconciliation provided under Section 4.2(f).

"Closing Time" means the time of Closing on the Closing Date provided for in Section 4.1.

"Consent" means any consent, approval, permit, waiver, ruling, exemption or acknowledgement from any Person (other than the Vendor) which is provided for or required: (i) in respect of or pursuant to the terms of any Contract; or (ii) under any Applicable Law, in either case in connection with the sale of the Purchased Assets to the Purchaser on the terms contemplated in this Agreement, to permit the Purchaser to use the Purchased Assets after Closing as they are currently used on as at the date hereof, or which is otherwise necessary to permit the Parties to perform their obligations under this Agreement, but does not include a regulatory approval.

"Contracts" means all pending and executory contracts, agreements and arrangements (whether oral or written) Related to the Business to which the Vendor is a party or by which the Vendor or any of the Purchased Assets is bound or under which the Vendor has rights.

"Damages" means, whether or not involving a Third Party Claim, any loss, cost, liability, claim, interest, fine, penalty, assessment, damages available at law or in equity (including incidental, consequential, special, aggravated, exemplary or punitive damages), regarding any Claim, or expense related thereto (including reasonable costs, fees and expenses of legal counsel on a full indemnity basis, without reduction for tariff rates or similar reductions and reasonable costs, fees and expenses of investigation) or diminution in value.

"Direct Claim" has the meaning set out in Section 5.3.

"Disclosure Letter" means the letter of the Vendor to the Purchaser signed, dated and delivered on the Closing Date, which letter includes all schedules to be delivered to the Purchaser, the entirety of which is incorporated in this Agreement by reference and deemed to be a part hereof.

"Earn-Out Amount" means an amount equal to \$500,000.

"Earn-Out Calculation Date" means December 31st, 2020.

"Earn-Out Calculations" has the meaning set out in Section 2.7(a) hereof.

"Earn-Out Period" has the meaning set out in Section 2.7 hereof.

"Earn-Out Statements" means the unaudited statement showing the Net Sales, on a monthly basis, generated by the Purchaser's operation and use of the Purchased Assets for the period starting on the Closing Date and ending on the Earn-Out Calculation Date.

"Earn-Out Threshold" means Net Sales of \$9,800,000 or greater.

"Escrow Agent" means SimpsonWigle LAW LLP.

"Escrow Amount" means an amount equal to \$500,000.

"Escrow Agreement" means the escrow agreement attached hereto as Exhibit D.

"Excluded Assets" means the following property and assets of the Vendor:

- (a) the cash, bank balances, cash equivalents and short-term investments;
- (b) the Receivables;
- (c) the minute books and other corporate records of the Vendor or its Affiliates;
- (d) income tax refunds and other Tax refunds receivable by the Vendor and all Tax Returns pertaining to corporate income taxes of the Vendor;
- (e) the telephone number (416) 934-5034;
- (f) any and all office equipment and furniture used in the Business by the Vendor, including all desks, chairs, telephones, computers, printers, scanners, copiers, lights, and any other items of a similar nature;
- (g) of any kind or nature, tangible or intangible, wherever situate, directly or indirectly, used in, arising from or otherwise related to the Excluded Business; and
- (h) the Privileged Communications.

"Excluded Business" means the inactive business of the Vendor related to the "Sol Mate" or "Smooth Rock Organics" brand.

"Excluded Liabilities" means all Liabilities, indebtedness, and obligations of the Vendor other than the Assumed Liabilities, including but not limited to:

- (a) any Liability arising out of or related to products commercialized by the Vendor on or prior to the Closing Date or to defects or deficiencies in any product commercialized by the Vendor prior to the Closing Date in all cases excluding the defects, deficiencies and Legal Proceedings described at Section 5.2(e) and (f);
- (b) any Liability under any trade programs or trade deal agreements, including, without limitation, promotional programs and trade deals agreements, listing fees, buying group volume programs, distributor volume program, monthly earned income program, signing bonuses, bill back, penalties, corporate revenue neutral program, warehouse allowance, trade deals and discounts, over and above, truck load volume allowance, end user agreements and marketing funds such as launch deals, incentives and sales support entered into by the Vendor with any of its customers;
- (c) any Liability under any Contract arising after the Closing Date that arises out of a breach of, or default under, that Contract prior to the Closing Date;
- (d) any Liability for Taxes arising from the ownership or operation of the Business or the ownership or use of the Purchased Assets on or prior to the Closing Date;
- (e) any Liability under any Contract other than the Liability under the Assumed Contracts relating to any period commencing on or after the Closing Date;
- (f) any Liability to any employee of the Vendor and under any employee plan or any pension plan of the Vendor;

- (g) any Liability on account of trade account payable Related to the Business based on terms granted by the Vendor prior to the Closing Date;
- (h) any Liability of the Vendor to any Affiliate of the Vendor or other Related Person of the Vendor;
- (i) any Liability to indemnify, reimburse or advance any amounts to any employee, officer, director, or agent of the Vendor;
- (j) any Liability to distribute to any of the Vendor's shareholders or otherwise apply all or any part of the consideration received by the Vendor under this Agreement;
- (k) any Liability arising out of or resulting from the Vendor's compliance or non-compliance with any Applicable Law;
- (l) any Liability of the Vendor related to the Excluded Business; and
- (m) any Liability of the Vendor owing to the Purchaser under this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement.

"Financial Records" means all of the books of account and other financial data and information Related to the Business or related to the Purchased Assets, and includes all records, sub-ledgers, data and information stored electronically, digitally or on computer-related media.

"Financial Statements" means the annual unaudited financial statements of the Vendor for the fiscal years ended December 31st, 2015 and 2016, the internally prepared financial statements for (i) the period starting on January 18th, 2017 and ending on March 31st, 2017, (ii) the fiscal year ending on March 31st, 2018, and (iii) the fiscal year starting on April 1st, 2018 and ending on March 31st, 2019.

"Governmental Authority" means:

- (a) any domestic or foreign government, whether administrative, legislative, executive or otherwise;
- (b) any agency, authority, ministry, department, regulatory body, court, central bank, bureau, board or other instrumentality having legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions of, or pertaining to, government;
- (c) any court, commission, individual, arbitrator, arbitration panel or other body having adjudicative, regulatory, judicial, quasi-judicial, administrative or similar functions; and
- (d) any other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange or professional association.

"generally accepted accounting principles" or **"GAAP"** has the meaning set out in Section 8.1.

"GST/HST" means the goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada).

"Income Tax Act" means the *Income Tax Act* (Canada), as amended.

"Indemnification Trigger Amount" has the meaning set out in Section 5.11.

"Indemnified Party" means a Person whom the Vendor or the Purchaser, as the case may be, is required to indemnify under Article 5.

"Indemnifying Party" means, in relation to an Indemnified Party, the Party to this Agreement that is required to indemnify such Indemnified Party under Article 5.

"Independent Accountants" has the meaning set out in Section 2.14.

"Intellectual Property" has the meaning set out in Section 2.1.

"Inventories" has the meaning set out in Section 2.1.

"Legal Proceeding" means any litigation, action, application, suit, investigation, hearing, claim, deemed complaint, grievance, civil, administrative, regulatory or criminal, arbitration proceeding or other similar proceeding, before or by any court or other tribunal and includes any appeal or review thereof and any application for leave for appeal or review.

"Liability" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

"Lien" means any charge, hypothec, priority, pledge, security interest, prior assignment, option, warrant, lease, sublease, right to possession, encumbrance, claim, right or restriction which affects, by way of a conflicting ownership interest or otherwise, the right, title or interest in or to any particular property.

"Material Adverse Change" means, a change in the Business or the Purchased Assets or in the operations, affairs, prospects or condition (financial or otherwise) of the Business or any of the Purchased Assets including any such change arising as a result of any change in Applicable Law, the amendment or revocation of any licence or as a result of fire, explosion, accident, casualty, labour problem, terrorist act, disease, act of God or otherwise, except for changes which, either individually or in the aggregate, have not materially adversely affected and will not materially adversely affect the Business or the Purchased Assets or the operations, affairs, prospects or condition (financial or otherwise) of the Business or any of the Purchased Assets.

"Material Contract" means a (i) Contract which involves or may reasonably be expected to involve the payment to or by the Vendor of more than \$15,000 over the term of that Contract, (ii) an Assumed Contract, including, without limitation, an Assumed Contract with an unexpired term of more than one year or an Assumed Contract containing a non-competition or non-solicitation covenant or other provision that restricts the Business or (iii) any other Contract that is otherwise material to the operation of the Business which does not relate to the borrowing of money.

"Net Sales" means the cumulative gross sales generated by the Purchaser's use of the Purchased Assets, less any discounts or rebates granted by the Purchaser and products which are returned for product deficiencies which are replaced by Purchaser, the whole as calculated in accordance with GAAP.

"Notice of Claim" has the meaning set out in Section 5.3.

"Order" means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

"Ordinary Course of Business", when used in relation to the taking of action by the Vendor in relation to the Business means that the action:

- (a) is consistent in nature, scope and magnitude with the past practices of the Vendor in relation to the Business and is taken in the ordinary course of the normal day to day operations of the Business;
- (b) is similar in nature, scope and magnitude to actions customarily taken in the ordinary course of the normal day-to-day operations of the other Persons that are in lines of business that are the same as the Business; and
- (c) does not require authorization of the shareholders of the Vendor or any other separate or special authorization of any nature.

"Party" means a party to this Agreement and any reference to a Party includes its successors and permitted assigns and **"Parties"** means every Party.

"Person" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, a Governmental Authority, and the executors, administrators or other legal representatives of an individual in such capacity.

"Primary Payment" has the meaning set out in Section 2.5.

"Prime Rate" means the prime rate of interest per annum quoted by Bank of Montreal from time to time as its reference rate of interest for Canadian dollar demand loans made to its commercial customers in Canada and which such bank refers to as its "prime rate", as such rate may be changed from time to time.

"Principals" means Matthew von Teichman and Aaron Skelton.

"Privileged Communications" means, collectively, all communications by or among the Vendor, its Representatives, their Affiliates, and counsel (or other advisors) in respect of, in connection with or related to this Agreement or the transactions contemplated hereunder, including all documentation, records and copies thereof and all solicitor-client privilege therein.

"Purchase Price" has the meaning set out in Section 2.5.

"Purchased Assets" has the meaning set out in Section 2.1.

"Purchaser's Counsel" means Sylvestre & Associés s.e.n.c.r.l.

"Purchaser's Indemnified Parties" means the Purchaser and the Purchaser's Affiliates and their respective directors, officers, employees and agents.

"QST" means the goods and services tax imposed under the *Act respecting the Quebec Sales Tax* (Quebec).

"Recall" means the removal from sale or use of any product because (1) such product violates, or the manufacturer or processor reasonably believed it could violate, any Laws, including without limitation the laws administered by the Canadian Food Inspection Agency, (2) the Vendor or its manufacturers or

suppliers determined that such product did not comply with customer specifications, or did not meet minimum quality standards followed by similar food processing and manufacturing companies in the same industry.

"Receivables" means all accounts receivable, amounts receivable, trade accounts, book debts and insurance claims Related to the Business, together with any unpaid interest accrued on such items and any security or collateral for such items, including recoverable deposits.

"Related Person" means, with respect to any Person, an Affiliate of such Person and any other Person with whom such Person does not deal at arms-length for purposes of the Income Tax Act.

"Related to the Business" means, directly or indirectly, used in, arising from or otherwise related to the Business.

"Representative" when used with respect to a Party means each director, officer, employee, agent, consultant, auditor, adviser and other representative of that Party who is involved in the transactions contemplated by this Agreement.

"Tax Returns" means all returns, information returns, reports, elections, agreements, declarations or other documents of any nature or kind required to be filed with any applicable Governmental Authority in respect of Taxes, including any amendment thereto.

"Taxes" means all taxes including all income, sales, use, goods and services, harmonized sales, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, immovable property and movable property taxes, and any other taxes, customs duties, fees, levies, imposts and other assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance and unemployment insurance payments and workers' compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, in all cases imposed by any Governmental Authority in respect thereof and whether disputed or not, related to the Purchased Assets or the Business or the Vendor.

"Third Party Claim" has the meaning set out in Section 5.3.

"Threatened", when used in relation to a Legal Proceeding or other matter, means that a demand or statement (oral or written), or a notice (oral or written), has been received by the Vendor that a Legal Proceeding or other matter is to be asserted, commenced, taken or otherwise pursued in the future.

"Vendor's Counsel" means Bennett Jones LLP.

"Vendor's Indemnified Parties" means the Vendor and the Vendor's Affiliates and their respective directors, officers, employees and agents.

EXHIBIT A
GENERAL CONVEYANCE AGREEMENT

Please see attached.

**[REDACTED FORM OF GENERAL CONVEYANCE AGREEMENT FOR
PROPRIETARY REASONS]**

EXHIBIT B
CERTIFICATE OF SENIOR OFFICER OF THE VENDOR

Please see attached.

**[REDACTED FORM OF CERTIFICATE OF SENIOR OFFICER OF THE VENDOR FOR
PROPRIETARY REASONS]**

EXHIBIT C

Intentionally omitted.

EXHIBIT D
ESCROW AGREEMENT

Please see attached.

[REDACTED FORM OF ESCROW AGREEMENT FOR PROPRIETARY REASONS]

EXHIBIT E
NON-COMPETITION AGREEMENT

Please see attached.

[REDACTED FORM OF NON-COMPETITION AGREEMENT FOR PROPRIETARY REASONS]

EXHIBIT F

Intentionally omitted.

EXHIBIT G
ASSIGNMENT OF TRADEMARKS

Please see attached.

[REDACTED FORM OF ASSIGNMENT OF TRADEMARKS FOR PROPRIETARY REASONS]

EXHIBIT H
ASSIGNMENT OF DOMAIN NAMES

Please see attached.

[REDACTED FORM OF ASSIGNMENT OF DOMAIN NAMES FOR PROPRIETARY REASONS]

EXHIBIT I
OPINION OF THE VENDOR'S COUNSEL

Please see attached.

**[REDACTED FORM OF OPINION OF THE VENDOR'S COUNSEL FOR
PROPRIETARY REASONS]**

EXHIBIT J
CERTIFICATE OF SENIOR OFFICER OF THE PURCHASER

Please see attached.

**[REDACTED FORM OF CERTIFICATE OF SENIOR OFFICER OF THE PURCHASER
FOR PROPRIETARY REASONS]**

EXHIBIT K

Intentionally omitted.

EXHIBIT L
OPINION OF THE PURCHASER'S COUNSEL

Please see attached.

**[REDACTED FORM OF OPINION OF THE PURCHASER'S COUNSEL FOR
PROPRIETARY REASONS]**

EXHIBIT M
LETTER TO CUSTOMERS

Please see attached.

[REDACTED FORM OF LETTER TO CUSTOMERS FOR PROPRIETARY REASONS]