

**SHARE PURCHASE AGREEMENT**

**BETWEEN:**

**GLOBAL DAILY FANTASY SPORTS INC.**

– and –

**THE SHAREHOLDERS OF PLAYGON INTERACTIVE INC.  
SET FORTH ON THE SIGNATURE PAGES HERETO**

– and –

**PLAYGON INTERACTIVE INC.**

TABLE OF CONTENTS

ARTICLE I INTERPRETATION .....2

    1.1 Definitions.....2

    1.2 Certain Rules of Interpretation.....12

    1.3 Knowledge .....13

    1.4 Entire Agreement .....14

    1.5 Applicable Law .....14

    1.6 Schedules .....14

    1.7 Exhibits .....14

ARTICLE II PURCHASE AND SALE .....14

    2.1 Purchase and Sale of the Purchased Shares .....14

    2.2 Purchase Price .....15

    2.3 Satisfaction of Purchase Price.....15

    2.4 Place of Closing .....16

    2.5 Delivery of Closing Date Financial Statement .....16

    2.6 Net Working Capital Adjustment .....16

    2.7 Objection to Closing Date Financial Statement.....16

    2.8 Allocation of Purchase Price.....17

    2.9 Roll-over Elections .....18

    2.10 Rights Cumulative .....19

ARTICLE III REPRESENTATION AND WARRANTIES OF THE VENDORS REGARDING THE VENDORS .....19

    3.1 Capacity, Execution and Delivery .....20

    3.2 Title to Shares .....20

    3.3 Consents and Approvals; No Violations.....20

    3.4 Residence .....21

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE VENDORS AND THE COMPANY REGARDING THE ACQUIRED COMPANIES .....21

    4.1 Corporate Organization, Standing and Qualifications .....21

    4.2 Capitalization .....22

    4.3 Subsidiaries .....22

    4.4 Books and Records; Bank Accounts.....22

    4.5 Financial Statements; Certain Financial Information .....23

    4.6 Absence of Undisclosed Liabilities .....24

    4.7 Accounts Payable and Accounts Receivable .....24

    4.8 Suppliers and Customers.....24

    4.9 Interests in Suppliers, Customers, Etc.; Affiliate Transactions .....25

    4.10 Absence of Certain Changes or Events.....25

    4.11 Real Property .....27

    4.12 Title to Assets .....28

    4.13 Contracts .....28

    4.14 Intellectual Property .....28

4.15	Software .....	30
4.16	Equipment .....	31
4.17	Insurance .....	32
4.18	Taxes .....	32
4.19	Employment Matters.....	34
4.20	Benefit Matters.....	35
4.21	Compliance with Laws; Governmental Authorizations.....	37
4.22	Litigation.....	38
4.23	Brokers.....	38
ARTICLE V REPRESENTATIONS AND WARRANTIES OF THE PURCHASER .....		38
5.1	Corporate Organization.....	39
5.2	Authorization .....	39
5.3	Capitalization .....	39
5.4	Securities Laws Matters .....	40
5.5	Consents and Approvals; No Violations.....	40
5.6	Litigation.....	40
5.7	Brokers.....	41
5.8	Disclosure Record.....	41
5.9	Subsidiaries .....	41
5.10	Books and Records; Bank Accounts.....	41
5.11	Financial Statements; Certain Financial Information .....	41
5.12	Absence of Undisclosed Liabilities .....	42
5.13	Accounts Payable and Accounts Receivable .....	42
5.14	Suppliers and Customers.....	43
5.15	Absence of Certain Changes or Events.....	43
5.16	Real Property .....	45
5.17	Title to Assets .....	45
5.18	Contracts .....	46
5.19	Intellectual Property.....	46
5.20	Software .....	48
5.21	Equipment.....	49
5.22	Insurance .....	49
5.23	Taxes .....	50
5.24	Employment Matters.....	51
5.25	Benefit Matters.....	52
5.26	Compliance with Laws; Governmental Authorizations.....	54
ARTICLE VI COVENANTS OF THE VENDORS, THE COMPANY AND THE PURCHASER .....		55
6.1	Conduct of Business .....	55
6.2	Examinations and Investigations .....	57
6.3	Disclosure Supplements.....	58
6.4	Commercially Reasonable Efforts .....	58
6.5	Representations, Warranties and Conditions .....	58
6.6	Discharge Encumbrances.....	59
6.7	Interim Financial Statements .....	59

(iii)

6.8	Board of the Purchaser.....	59
6.9	Non-Solicitation.....	59
6.10	Notification of Certain Matters.....	60
6.11	Litigation Support.....	60
6.12	Tax Matters.....	60
ARTICLE VII SURVIVAL AND INDEMNIFICATION.....		61
7.1	Survival of Vendors' and Company Representations and Warranties.....	61
7.2	Survival of Purchaser's Representations and Warranties.....	61
7.3	Survival of Covenants.....	62
7.4	Indemnification.....	62
7.5	Procedure for Indemnification.....	63
7.6	Third Party Claims.....	65
7.7	Additional Rules and Procedures.....	66
7.8	Insurance and Other Recoveries.....	67
7.9	Exclusion of Other Remedies.....	67
7.10	One Recovery.....	68
7.11	Duty to Mitigate.....	68
7.12	Arbitration Procedures.....	68
ARTICLE VIII CONDITIONS OF CLOSING IN FAVOUR OF THE PURCHASER.....		68
8.1	Truth and Accuracy of Representations and Warranties.....	69
8.2	Performance of Covenants.....	69
8.3	Authorizations, Consents and Approvals.....	69
8.4	Legal Impediments.....	69
8.5	Encumbrances and Indebtedness.....	70
8.6	No Material Adverse Change.....	70
8.7	Financing.....	70
8.8	Conversion of Playgon Debentures.....	70
8.9	Promissory Note.....	70
8.10	Audited Financial Statements.....	71
8.11	Assignment of Trademarks.....	71
8.12	Cancellation of Stock Option Plan.....	71
8.13	Receipt of Closing Documents.....	71
ARTICLE IX CONDITIONS OF CLOSING IN FAVOUR OF THE VENDORS.....		72
9.1	Truth and Accuracy of Representations and Warranties.....	72
9.2	Performance of Covenants.....	73
9.3	Authorizations, Consents and Approvals.....	73
9.4	Legal Impediments.....	73
9.5	Conversion of Playgon Debentures.....	73
9.6	Receipt of Closing Documents.....	74
ARTICLE X TERMINATION AND ABANDONMENT.....		75
10.1	Termination.....	75
10.2	Effect of Termination.....	75

ARTICLE XI GENERAL.....	76
11.1 Vendors' Representative.....	76
11.2 Notices .....	77
11.3 Amendment and Waivers.....	79
11.4 Severability .....	79
11.5 Assignment and Enurement .....	79
11.6 Expenses .....	80
11.7 Further Assurances.....	80
11.8 Jurisdiction.....	80
11.9 Service.....	80
11.10 Public Notices .....	81
11.11 Third Party Beneficiaries .....	81
11.12 Non-Merger.....	81
11.13 No Presumption .....	81
11.14 Waiver of Jury Trial.....	81
11.15 Execution by Electronic Transmission .....	82
11.16 Counterparts.....	82

## SHARE PURCHASE AGREEMENT

**THIS AGREEMENT** is made as of the 29<sup>th</sup> day of November, 2019.

### **BETWEEN:**

**GLOBAL DAILY FANTASY SPORTS INC.**, a corporation existing under the laws of the Province of British Columbia

(the “**Purchaser**”)

- and -

**THE SHAREHOLDERS OF PLAYGON INTERACTIVE INC. SET FORTH ON THE SIGNATURE PAGES HERETO AND**

(collectively, the “**Vendors**” and individually, a “**Vendor**”)

- and -

**PLAYGON INTERACTIVE INC.**, a corporation existing under the laws of the Province of British Columbia

(the “**Company**”)

### **RECITALS:**

- A. The Vendors are the owners, beneficially and of record, of all of the issued and outstanding shares in the capital of the Company.
- B. On the Closing, the Vendors will be the owners of such number and class of shares in the capital of the Company as is set opposite its name in Schedule “A” or any update to Schedule “A” provided to the Purchaser pursuant to Section 2.8(a).
- C. The Purchaser wishes to purchase, and the Vendors wish to sell the Purchased Shares (as defined below), upon and subject to the conditions of this Agreement.

**NOW THEREFORE**, in consideration of the foregoing and the representations, warranties, covenants, conditions, agreements and promises contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties to this Agreement, the Parties agree as follows:

## ARTICLE I INTERPRETATION

### 1.1 Definitions

Throughout this Agreement, the following words, terms and expressions shall have the following meanings:

“**Accounts Payable**” means all accounts payable incurred or accrued in the ordinary course of the business.

“**Accounts Receivable**” means all accounts, notes, bills and other receivables, trade accounts and trade receivables, insurance claims and other amounts owing to the specific party, together with any unpaid interest or fees accrued thereon which are outstanding on the Closing Date and the full benefit of all security or collateral for such amounts, including recoverable advances and deposits.

“**Accrued Liabilities**” means ordinarily recurring operating expenses of the Acquired Companies incurred as of the Closing Time but which are not yet due and payable as of the Closing Time and claims against the Acquired Companies that are increasing with the passage of time or receipt of goods or services but are not yet due and payable as of the Closing Time, including accruals for vacation pay, customer rebates and allowances for product returns to the extent reflected on the Closing Date Financial Statements.

“**Acquired Companies**” means, collectively, the Company and the Subsidiaries, and “**Acquired Company**” means any of them.

“**Acquisition Transaction**” has the meaning given to it in Section 6.9.

“**Adjusted Elected Amount**” has the meaning given to it in Section 2.9(c).

“**Affiliate**” means, with respect to any corporation, partnership, limited partnership, trust or joint venture, any other corporation, partnership, limited partnership, trust or joint venture that: (a) Controls, (b) is Controlled by, or (c) is under common Control with, such corporation, partnership, limited partnership, trust or joint venture.

“**Agreed Claims**” has the meaning given to it in Section 7.5(c).

“**Agreement**”, “**this Agreement**”, “**the Agreement**”, “**hereof**”, “**herein**”, “**hereto**”, “**hereby**”, “**hereunder**” and similar expressions mean this Share Purchase Agreement between the Parties, including all schedules and exhibits, and all instruments supplementing, amending, modifying, restating or otherwise confirming this Agreement. All references to “**Articles**”, “**Sections**”, “**Schedules**” and “**Exhibits**” mean and refer to the specified article, section, schedule and exhibit of this Agreement.

“**Ancillary Agreements**” means the Indemnity Escrow Agreement, Release Escrow Agreement, Employment Agreements and Non-Competition Agreements.

“**arm’s length**” has the meaning given to it in the Tax Act.

“**Associate**” where used to indicate a relationship with any Person, means:

- (a) any company of which such Person owns, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of the company for the time being outstanding;
- (b) any partner of that Person;
- (c) any trust or estate in which such Person has a substantial beneficial interest or as to which such Person serves as a trustee or in a similar capacity;
- (d) any relative of that Person who resides in the same home as such Person;
- (e) any Person who resides in the same home as that Person and to whom that Person is married or with whom that Person is living in a conjugal relationship outside marriage; or
- (f) any relative of a Person mentioned in clause (e) who has the same home as that Person.

“**Assumed Indebtedness**” means the debt in the amount of \$1,821,250 owed to existing debtholders of the Company and to trade creditors of the Company.

“**Basket Amount**” has the meaning given to it in Section 7.4(e).

“**Books and Records**” means all books and records of an entity, or any of their respective Affiliates including financial, operation and sales books, customer and supplier lists, vendor lists, operating data, files, computer files and programs, retrieval programs, correspondence, credit information, research materials, licences, leases, records of past sales, business plans and projections, environmental studies and plans, deeds and title policies, quality control records and manuals, blueprints, employee documents, inventory data, accounts receivable and payable data, budgets and financial statements, and other data and information, financial or otherwise including all data, information and databases stored on computer-related or other electronic media.

“**Business**” means the business now carried on by the Acquired Companies comprising of acting as an independent casino games provider, developing content for mobile and social markets.

“**Business Day**” means any day which is not a Saturday, a Sunday or a day observed as a statutory or civic holiday under the laws of the Province of Ontario, the Province of British Columbia or the federal laws of Canada applicable therein, on which the principal commercial banks in the City of Toronto, Ontario and the City of Vancouver, British Columbia are open for business.

“**Certificate**” has the meaning given to it in Section 7.5(a).

“**Claim**” means any claim, demand, complaint, grievance, action, cause or right of action, damage, loss, costs, liability, obligation or expense, assessments or reassessments, including, without limitation, reasonable professional fees and all reasonable costs incurred in investigating or pursuing any of the foregoing, or any proceeding, arbitration, mediation or other dispute resolution

procedure relating to any of the foregoing, or any orders, writs, injunctions or decrees of any Governmental Authority.

“**Closing**” means the completion of the transactions contemplated by this Agreement.

“**Closing Date**” means the date that is three business days after the satisfaction or waiver of all closing conditions as set out in Article VIII and Article IX, or such other date as the Parties may agree upon in writing as the date upon which the Closing shall take place.

“**Closing Date Financial Statement**” means the consolidated balance sheet of the Acquired Companies as at the Closing Date, showing all of the assets and liabilities of the Acquired Companies, prepared by the Purchaser on a basis consistent with that used in the Financial Statements, and shall also include a statement of the Closing Net Working Capital, together with an unqualified opinion of the auditor designated by the Purchaser to the effect that the Closing Date Financial Statement has been prepared in accordance with IFRS consistently applied with those used in the Financial Statements and presents fairly in all material respects the assets and liabilities of the Acquired Companies on a consolidated basis as at the Closing Date.

“**Closing Net Working Capital**” means as at the Closing Date:

- (a) the gross value on the books of the Acquired Companies of Accounts Receivable for which payment would ordinarily be expected to be received within one year of the Closing Date, less a proper and reasonable allowance for doubtful accounts; plus
- (b) the value on the books of the Acquired Companies of prepaid expenses of the Company which would ordinarily be expected to be used or applied within one year of the Closing Date; less
- (c) the aggregate value of Accounts Payable and Accrued Liabilities for which payment would ordinarily be expected to be made within one year of the Closing Date to the extent reflected on the Closing Date Financial Statements.

“**Closing Time**” means 10:00 am Vancouver time on the Closing Date or such other time on such date as the Parties may agree in writing as the time at which the Closing shall take place.

“**Company**” means Playgon Interactive Inc.

“**Company Shareholder Agreements**” means the Voting Agreement, Right of First Refusal and Co-Sale Agreement and the Shareholder Rights Agreement between the Company and the Vendors each dated as of July 15, 2016.

“**Confidentiality Agreement**” has the meaning given to it in Section 6.2(b).

“**Consents**” means all consents, approvals, permits, licences, waivers of rights of first refusal or waivers of due on sale clauses or other waivers, as applicable, from: (a) any party to any Contract, and (b) any Governmental Authority necessary or advisable in connection with the execution of this Agreement, the Closing or the performance of any terms thereof or any document delivered pursuant thereto or the completion of any of the transactions contemplated by this Agreement.

“**Consideration Shares**” has the meaning given to in Section 2.3(a)(ii).

“**Contracts**” of any Person means all contracts, Equipment Leases, Real Property Leases, licences, sub-licences, agreements, commitments, entitlements, undertakings, understandings and engagements to which such Person is a party or by which such Person is bound, whether written, oral or otherwise, and includes all quotations, orders or tenders for contracts which remain open for acceptance and any manufacturers’ or suppliers’ warranty, guarantee or commitment (express or implied).

“**Contractual Obligations**” means, with respect to any Person, any provision of any security issued by such Person or of any agreement, undertaking, obligation, contract, indenture, mortgage, deed of trust or other instrument to which such Person is a party or by which it or any of its property is bound, whether written or oral.

“**Control**” means, when applied to the relationship between a Person and a corporation, the beneficial ownership by that Person at the relevant time of shares of that corporation carrying the greater of (a) a majority of the voting rights ordinarily exercisable at meetings of shareholders of that corporation and (b) the percentage of voting rights ordinarily exercisable at meetings of shareholders of that corporation that are sufficient to elect a majority of the directors, and when applied to the relationship between a Person and a partnership, limited partnership, trust or joint venture, means the beneficial ownership by that Person at the relevant time of more than 50% of the ownership interests of the partnership, limited partnership, trust or joint venture or the contractual right to direct the affairs of the partnership, limited partnership, trust or joint venture; and the words “**Controlled by**”, “**Controlling**” and similar words have corresponding meanings; provided that a Person who Controls a corporation, partnership, limited partnership or joint venture will be deemed to Control a corporation, partnership, limited partnership, trust or joint venture which is Controlled by such Person and so on.

“**Conversion and Sale Agreement**” has the meaning given to it in Section 8.8.

“**Debenture Shares**” has the meaning give to it in Section 8.8.

“**Disclosure Letter**” means the Vendor’s Disclosure Letter and the Purchaser’s Disclosure Letter

“**Disclosure Record**” means collectively, all of the documentation which have been filed by or on behalf of the Purchaser on SEDAR with the Canadian securities regulatory authorities pursuant to the requirements of applicable securities law.

“**Elected Amount**” has the meaning given to it in Section 2.9(b).

“**Employees**” means all individuals who are employees or independent contractors of an entity and who are employed or report for work in connection with the business of such entity, including those employees on disability leave, parental leave or other absence.

“**Employment Agreement**” has the meaning given to it in Section 8.13(h).

“**Employment Contracts**” means Contracts, other than Plans, whether oral or written, relating to an Employee, including any communication or practice relating to an Employee which imposes any obligation on the Company.

“**Encumbrance**” means any encumbrance, lien, security interest, option, right of first refusal, adverse claim, easement, mortgage, charge, hypothec, indenture, deed of trust, statutory or deemed trust, right of way, restriction on the use of real property, encroachment, licence to third parties, lease to third parties, security agreement, or any other encumbrance and other restriction or limitation on use of real or personal property or irregularities in title thereto.

“**Equipment**” means all furniture, personal computers, computer hardware, office equipment, office supplies, machinery, equipment, storage tanks, fuel, fixtures, accessories, supplies, spare parts, tools, personal property and other tangible property owned by an entity or used in carrying on its business.

“**Equipment Leases**” means all Equipment leases and licences, conditional sales contracts, title retention agreements and other similar agreements relating to Equipment used by an entity in carrying on its business.

“**Escrow Agent**” means Vantage Law Corporation.

“**Ex Juris Party**” has the meaning given to it in Section 11.9.

“**Financial Statements**” means, collectively, (a) the consolidated audited balance sheet, statement of earnings, statement of retained earnings and statement of changes in financial position of the Acquired Companies as at and for the years ended May 31, 2019 and May 31, 2018 together with the notes thereto, (b) the balance sheet of the Acquired Companies as of May 31, 2019 and the related statements of operations and retained earnings of the Company for such month.

“**GDFSI Debenture Shares**” means common shares without par value in the capital of the Purchaser issued to the Playgon Debenture Holders pursuant to the Conversion and Sale Agreements.

“**GDFSI Shares**” means common shares without par value in the capital of the Purchaser.

“**Governmental Authority**” means any governmental, regulatory or administrative authority, department, agency, commission, stock exchange, board, panel, tribunal, Crown corporation, Crown ministry or court or other law, rule or regulation-making or enforcing entity having or purporting to have jurisdiction on behalf of any nation, or province, territory or state or other subdivision thereof or any municipality, district or other subdivision thereof.

“**Governmental Authorization**” means any authorization, approval, licence, consent, quota or permit issued by any Governmental Authority.

“**GST**” means goods and services taxes imposed under the GST Legislation which, for greater certainty, includes the provincial component of any harmonized sales tax imposed under the GST Legislation.

“**GST Legislation**” means Part IX of the *Excise Tax Act* (Canada).

“**IFRS**” means International Financial Reporting Standards from time to time issued and approved by the IFRS Foundation and International Accounting Standards Board, or any successor organization, on the date on which such accounting standards are applied.

**“Indebtedness”** of any Person means and includes (a) indebtedness for borrowed money or indebtedness issued or incurred in substitution or exchange for indebtedness for borrowed money, (b) amounts owing as deferred purchase price for property or services, including all seller notes and “earn-out” payments, (c) indebtedness evidenced by any note, bond, debenture, mortgage or other debt instrument or financial debt security, (d) commitments or obligations by which such Person assures a creditor against loss (including contingent reimbursement obligations with respect to letters of credit), (e) indebtedness secured by an Encumbrance on assets or properties of such Person, (f) obligations or commitments to repay deposits or other amounts advanced by and owing to third Persons, (g) obligations under any interest rate, currency or other hedging agreement, (h) obligations or commitments under capitalized leases (capital portion), (i) any change of control payments or prepayment premiums, penalties, charges or equivalents thereof with respect to any indebtedness, obligation, or liability of the type described in clauses (a) through (i) above, or (j) guarantees or other contingent liabilities (including so called take-or-pay or keep-well agreements) with respect to any indebtedness, obligation, claim or liability of any other Person of a type described in clauses (a) through (i) above. Indebtedness shall not, however, include accounts payable to trade creditors and accrued expenses arising in the ordinary course of business consistent with past practice and shall not include the endorsement of negotiable instruments for collection in the ordinary course of business.

**“Indemnified Party”** has the meaning given to it in Section 7.5(a).

**“Indemnifying Party”** has the meaning given to it in Section 7.5(a).

**“Indemnity Escrow Agreement”** has the meaning given to it in Section 2.3(a)(i).

**“Indemnity Escrow Consideration Shares”** has the meaning given to it in Section 2.3(a)(i).

**“Independent Accountant”** means RSM Canada LLP or, if such firm is not able to serve as Independent Accountant, a nationally recognized independent public accounting firm as shall be agreed upon by the Vendors’ Representative and the Purchaser in writing, and if such Parties are unable to agree, then such nationally recognized independent public accountant as may be determined in accordance with the arbitration procedures set out in Section 7.12.

**“Intellectual Property”** means all intellectual property of an entity used by or currently being developed for or used in the business of such entity, and all rights of the entity therein, including all claims for past infringement, worldwide, whether registered or unregistered, including, without limitation: (a) all patents, patent applications and other patent rights, including divisional and continuation patents; (b) all registered and unregistered trade-marks, service marks, logos, slogans, corporate names, business names and other indicia of origin, and all applications and registrations therefor; (c) registered and unregistered copyrights and mask works, including all copyright in and to computer software programs, including the Software, and applications and registrations of such copyright; (d) internet domain names, applications and reservations for internet domain names, uniform resource locators and the corresponding Internet sites; (e) industrial designs; (f) trade secrets and proprietary information not otherwise listed in (a) through (d) above, including, without limitation, all inventions (whether or not patentable), invention disclosures, moral and economic rights of authors and inventors (however denominated), confidential information, technical data, customer lists, corporate and business names, trade names, trade dress, brand names, know-how, show-how, mask works, circuit topography, formulae, methods (whether or not patentable),

designs, processes, procedures, technology, business methods, source codes, object codes, computer software programs (in either source code or object code form), databases, data collections and other proprietary information or material of any type, and all derivatives, improvements and refinements thereof, howsoever recorded or unrecorded.

“**Interim Balance Sheets**” means the consolidated balance sheets of the entity for (a) in the case of the Acquired Companies, for the period ending on May 31, 2019, and (b) the Purchaser, the period ending on June 30, 2019.

“**Laws**” means all applicable laws, common law, statutes, regulations, by-laws, rules, decrees, orders, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements of any Governmental Authority.

“**Leased Premises**” means the premises which are the subject matter of the Real Property Leases.

“**Liabilities**” means the debts, liabilities, obligations, Claims, Encumbrances, commitments, demands and expenses of any nature or kind, whether known or unknown, accrued or unaccrued, absolute, contingent or otherwise and whether due or to become due, of any Person.

“**Losses**” has the meaning given to it in Section 7.4.

“**Material Adverse Change**” or “**Material Adverse Effect**” shall mean, (a) when used with respect to the Acquired Companies or the Business, any material adverse change in or effect on the business, assets, liabilities, results of operation, condition (financial or otherwise) or prospects of the Acquired Companies (as a whole) or the Business since May 31, 2019, (b) when used with respect to the Purchaser, any materially adverse change in or effect on the business, assets, liabilities, results of operation, condition (financial or otherwise) or prospects of Purchaser since June 30, 2019 or any material adverse change in or effect on (including any material delay) the ability of the Purchaser to perform its obligations under this Agreement or (c) when used with respect to the Vendors any material adverse change in or effect on (including any material delay) the ability of the Vendors to perform their respective obligations under this Agreement; provided, that none of the following either alone or in combination, shall be deemed to constitute Material Adverse Change or Material Adverse Effect: (a) changes in the industry in which the Acquired Companies, the Business the Purchaser or the Purchaser’s Business operate which do not disproportionately impact the Acquired Companies (as a whole), the Business, the Purchaser or the Purchaser’s Business; (b) Laws or accounting standards, principles or interpretations of general application which do not disproportionately impact the Acquired Companies (as a whole), the Business, the Purchaser or the Purchaser’s Business; or (c) changes or effects that are or result from occurrences relating to the economy in general or the Acquired Companies (as a whole), the Business, the Purchaser or the Purchaser’s Business’ industry in general and not specifically relating to the Acquired Companies (as a whole), the Business, the Purchaser or the Purchaser’s Business.

“**Non-Competition Agreement**” has the meaning given to it in Section 8.13(i).

“**Notice**” shall have the meaning given to it in Section 11.2.

“**Parties**” means, collectively, the Purchaser, the Vendors and the Company and “**Party**” means either of them.

“**Permitted Encumbrances**” means with respect to the Company (a) the Encumbrances specifically described in the Financial Statements, (b) Encumbrances for current Taxes, assessments, charges or levies not yet due and payable, and (c) the Encumbrances identified in the Vendor’s Disclosure Letter and with respect to the Purchaser (a) the Encumbrances specifically described in the Purchaser’s Financial Statements, (b) Encumbrances for current Taxes, assessments, charges or levies not yet due and payable, and (c) the Encumbrances identified in the Purchaser’s Disclosure Letter

“**Person**” means any individual, sole proprietorship, limited or unlimited liability corporation, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, body corporate, joint venture, trust, pension fund, union, Governmental Authority, and a natural person including in such person’s capacity as trustee, heir, beneficiary, executor, administrator or other legal representative.

“**Personal Information**” means information in the possession of an entity about an identifiable individual, but does not include the name, title or business address or telephone number of an Employee.

“**Plan Documents**” means texts and all amendments to all Plans, trust and funding agreements and amendments, pension Contracts, applicable insurance Contracts, actuarial valuations, financial statements, all material internal memoranda concerning the Plans, annual information returns, relevant employee, former employee and pensioner data, all booklets, summaries, manuals and written communications of a general nature distributed or made available to any employees or former employees and correspondence with any Governmental Authorities in respect of Plans.

“**Plans**” means with respect to a specific entity, all plans, arrangements, agreements, programs, policies or practices (whether written or oral, formal or informal, funded or unfunded, insured or self-insured, registered or unregistered) to which the applicable entity is a party or by which such entity is bound or under which an entity has any liability or contingent liability or which has any application to any such entity’s employees (including directors, officers, retired employees, employees on leave, former employees, individuals working on contract with such entity or other individuals providing services to such entity of a kind normally provided by employees) or their dependants or beneficiaries and consisting of or relating to, as the case may be, any one or more of the following:

- (a) retirement savings or pensions, including without limitation any defined benefit pension plan, defined contribution pension plan, group registered retirement savings plan, or supplemental pension or retirement plan;
- (b) any bonus, incentive pay or compensation, performance compensation, deferred compensation, profit sharing or deferred profit sharing, share purchase, stock option, stock appreciation, stock purchase, phantom stock, vacation or vacation pay, sick pay, severance or termination pay, employee loans or separation from service benefits, or other type of plan or arrangement providing for compensation or benefits additional to base pay or salary; and

- (c) disability or wage continuation benefits during periods of absence from work (including short-term disability, long-term disability and worker's compensation benefits) or any other benefit, including without limitation supplemental unemployment, hospitalization, health, medical/dental, disability, life insurance, death or survivor benefits, employment insurance, vacation pay, severance or termination pay, and fringe benefits;

and includes all statutory plans with which such entity is required to comply (including, without limitation, the Canada Pension Plan or Québec Pension Plan and plans administered pursuant to applicable provincial health tax, workers compensation and unemployment insurance legislation).

**“Playgon Debenture Holders”** means the holders of the Playgon Debentures.

**“Playgon Debentures”** means the debentures issued to certain investors of the Company in connection with the Playgon Debenture Financing.

**“Playgon Debenture Financing”** means the debenture financing approved by the sole director of the Company pursuant to those director resolutions of the Company dated June 24, 2019.

**“Pro Rata Share”** means, with respect to any Vendor, the percentage of the Purchase Price payable to such Vendor as set out in Schedule “A” as may be updated pursuant to Section 2.8(a), which for greater certainty shall be calculated by dividing (a) the number of Purchased Shares held by a Vendor by (b) the sum of the total number of Purchased Shares held by all Vendors and shall not include the Debenture Shares issued to Playgon Debenture Holders in connection with the exercise of the conversion right under the Conversion and Sale Agreement.

**“Purchase Price”** has the meaning given to it in Section 2.2.

**“Purchase Price Allocation”** means the allocation of the Purchase Price among the Vendors as determined pursuant to Section 2.8(a), which for greater certainty shall be calculated by multiplying the Purchase Price by the following: (a) the number of Purchased Shares held by a Vendor, divided by (b) the sum of the total number of Purchased Shares held by all Vendors and shall not include the Debenture Shares issued to Playgon Debenture Holders in connection with the exercise of the conversion right under the Conversion and Sale Agreement.

**“Purchased Shares”** means all of the issued and outstanding shares in the capital of the Company, excluding the Debenture Shares issued to Playgon Debenture Holders in connection with the exercise of the conversion right under the Conversion and Sale Agreement.

**“Purchaser”** means Global Daily Fantasy Sports Inc.

**“Purchaser Financing”** has the meaning given to it in Section 8.7.

**“Purchaser’s Business”** means the business now carried on by the Purchaser comprising of SaaS software solutions developed for the daily fantasy sports industry.

**“Purchaser’s Disclosure Letter”** means the letter dated the date of this Agreement from the Purchasers to the Vendors in respect of the representations and warranties related to the Purchaser.

“**Purchaser’s Financial Statements**” means the financial statements for the second quarter ended June 30, 2019.

“**Purchaser Indemnified Parties**” has the meaning given to it in Section 7.4(a).

“**Real Property**” means all lands and all buildings, mechanical and electrical systems used in connection with the operation and maintenance of any Real Property, improvements and fixtures situated on or forming a part of such lands, and all easements, rights of way, privileges and appurtenances belonging to and enuring to the benefit thereof.

“**Real Property Leases**” means those leases, subleases, licences, sublicences and the like of Real Property relating to any Real Property used or occupied by the Company or relating to the Business.

“**Release Escrow Agreement**” has the meaning given to in Section 2.3(a)(ii).

“**Release Escrow Consideration Shares**” has the meaning given to in Section 2.3(a)(ii).

“**Reporting Jurisdictions**” means the Provinces of British Columbia and Alberta.

“**Restricted Rights**” means any Contract or Governmental Authorization which by its terms requires consent or approval of the other party or parties thereto or the issuer for the completion of the transactions contemplated by this Agreement or in respect of which the transactions contemplated by this Agreement will increase the obligations or decrease the rights or entitlements of an Acquired Company under such Contracts or Governmental Authorizations.

“**Rollover Shares**” has the meaning given to it in Section 2.9(a).

“**Securities Commissions**” means the applicable securities commission or regulatory authority in each of the Reporting Jurisdictions.

“**Securities Law**” means, collectively, the applicable securities Laws of each of the Reporting Jurisdictions and the respective regulations and rules made thereunder together with all applicable published policy statements, notices, blanket orders and rulings of the Securities Commissions and all discretionary orders or rulings, if any, of the Securities Commissions made in connection with the transactions contemplated hereunder;

“**SEDAR**” has the meaning given to it in Section 5.11.

“**Side Letter Agreement**” has the meaning given to it in Section 6.8.

“**Software**” means with respect to any entity all software computer programs used by such entity including all versions thereof and all related documentation, manuals, source code and object code, program files, data files, computer related data, field and data designations and relationships, data definition specifications, data models, program and system logic, interfaces, program modules, routines, sub-routines, algorithms, program architecture, design concepts, system designs, program structure, sequences and organization, screen displays and report layouts.

“**Subsidiaries**” has the meaning given to it in Section 4.3.

“**Target Net Working Capital**” means an amount equal to \$0.00.

“**Tax Act**” means the *Income Tax Act* (Canada) as it may be amended from time to time and the Regulations promulgated thereunder.

“**Tax Returns**” includes, without limitation, all returns, reports, declarations, elections, notices, filings, information returns and statements required to be filed, or in fact filed, in respect of Taxes and any schedules attached thereto.

“**Taxes**” includes, without limitation, all taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, together with all interest, penalties, fines, additions to tax or other additional amounts imposed in respect thereof, including, without limitation, (a) those levied on, or measured by, or referred to as income, gross receipts, earnings, profits, capital, corporate, transfer, land transfer, sales, goods and services, use, value-added, excise, stamp, withholding, business, licence, franchising, real or personal property, payroll, employment, wage, employer health, social services, severance, utility, occupation, premium, windfall, education and social security taxes, all surtaxes, all custom duties and import and export taxes, all licence, franchise and registration fees and all unemployment insurance, health insurance and Canada, Quebec and other government pension plan premiums, workers’ compensation levies, retirement contributions, including those imposed by any Governmental Authority.

“**TSXV**” means the TSX Venture Exchange.

“**TSXV Acceptance**” means the approval or acceptance, as the case may be, by the TSXV of the transactions contemplated by this Agreement.

“**Vendor Indemnified Parties**” has the meaning given to it in Section 7.4(c).

“**Vendors**” means, collectively, the shareholders of the Company set forth on the signature pages hereto.

“**Vendors’ Disclosure Letter**” means the disclosure letter dated the date of this Agreement from the Vendors and the Company to the Purchaser in respect of the representations and warranties related to the Vendors and the Company.

“**Vendors’ Representative**” has the meaning given to it in Section 11.1(a).

“**Working Capital Difference**” has the meaning given to it in Section 2.6.

## 1.2 Certain Rules of Interpretation

In this Agreement and the Schedules and Exhibits and the Disclosure Letters:

- (a) **Time** – Time is of the essence in and of this Agreement.
- (b) **Calculation of Time** – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on

which the period ends. Where the last day of any such time period is not a Business Day, such time period shall be extended to the next Business Day following the day on which it would otherwise end.

- (c) **Business Days** – Whenever any action to be taken or payment to be made pursuant to this Agreement would otherwise be required to be made on a day that is not a Business Day, such action shall be taken or such payment shall be made on the first Business Day following such day.
- (d) **Currency** – Unless otherwise specified, all references to amounts of money in this Agreement refer to the lawful currency of Canada.
- (e) **Headings** – The descriptive headings preceding Articles and Sections of this Agreement are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of the content of such Articles or Sections. The division of this Agreement into Articles and Sections shall not affect the interpretation of this Agreement.
- (f) **Including** – Where the word “**including**” or “**includes**” is used in this Agreement, it means “including without limitation” or “includes without limitation”.
- (g) **Plurals and Gender** - The use of words in the singular or plural, or referring to a particular gender, shall not limit the scope or exclude the application of any provision of this Agreement to such persons or circumstances as the context otherwise permits.
- (h) **Statutory References** - Any reference to a statute shall mean the statute in force as at the date of this Agreement (together with all regulations promulgated thereunder), as the same may be amended, re-enacted, consolidated or replaced from time to time, and any successor statute thereto, unless otherwise expressly provided.
- (i) **Ordinary Course** – Any reference to an action taken by a Person in the ordinary course means that such action is consistent with past practices of such Person and is taken in the ordinary course of the normal operations of such Person.

### 1.3 Knowledge

Whenever any Party makes any representation, warranty or other statement to such Party’s knowledge, such Party will be deemed to have made due inquiry, including due inquiry by any officer or director of such Party or any other Person who has responsibility with respect to the relevant subject matter, into the subject matter of such representation, warranty or other statement. Without limiting the generality of the foregoing, any representation, warranty or other statement concerning any aspect of (a) any of the Acquired Companies or the Business made to the Vendors’ knowledge shall be deemed to have been made after due inquiry of all relevant officers, directors or responsible employees of the Acquired Companies by the Vendors, and (b) any of the Purchaser or the Purchaser’s Business made to the Purchaser’s knowledge shall be deemed to have been made after due inquiry of all relevant officers and directors of the Purchaser.

#### **1.4 Entire Agreement**

- (a) This Agreement, the Disclosure Letters and the Confidentiality Agreement together with the agreements and other documents to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral, written or otherwise, of the Parties. There are no representations, warranties, covenants or other agreements between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement, the Disclosure Letters, the Confidentiality Agreement, the Ancillary Agreements and any document delivered pursuant to this Agreement.
- (b) No supplement, modification, amendment, waiver or termination of this Agreement shall be binding unless executed in writing by the Party to be bound thereby.

#### **1.5 Applicable Law**

This Agreement shall be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and shall be treated, in all respects, as a British Columbia contract.

#### **1.6 Schedules**

The following Schedules attached to this Agreement form an integral part of this Agreement:

Schedule "A" - Vendors, Purchased Shares and Allocation of Purchase Price

#### **1.7 Exhibits**

The following Exhibits attached to this Agreement form an integral part of this Agreement:

Exhibit 8.8 - Conversion and Sale Agreement

Exhibit 8.9 - Form of Promissory Note

### **ARTICLE II PURCHASE AND SALE**

#### **2.1 Purchase and Sale of the Purchased Shares**

Upon the terms and subject to the conditions set out in this Agreement, at the Closing Time, the Vendors shall sell, convey, assign, transfer and deliver to the Purchaser, and the Purchaser shall purchase, acquire and accept from the Vendors, free and clear of any Encumbrances, the Purchased Shares. The Purchaser shall not be obligated to purchase any of the Purchased Shares unless the purchase of all of the Purchased Shares is completed simultaneously.

## 2.2 Purchase Price

Subject to any adjustments pursuant to Section 2.6, the amount payable by the Purchaser for the Purchased Shares (the “**Purchase Price**”), exclusive of all applicable Taxes, shall be the amount equal to (1) \$9,500,000 less (2) the amount equal to the GDFSI Debenture Shares multiplied by \$0.15 per share.

## 2.3 Satisfaction of Purchase Price

- (a) At the Closing Time, the Purchaser shall satisfy the Purchase Price as follows:
  - (i) the issuance of that number of GDFSI Shares equal to 10% of the difference of (1) 63,333,333 less (2) the number of GDFSI Debenture Shares issued to the Playgon Debenture Holders in connection with the exercise of the conversion right under the Conversion and Sale Agreements (the “**Indemnity Escrow Consideration Shares**”) in accordance with the Purchase Price Allocation by the delivery of certificates representing such Indemnity Escrow Consideration Shares to the Escrow Agent to be held in escrow in accordance with this Agreement and an escrow agreement (the “**Indemnity Escrow Agreement**”) to be entered into as of the Closing Date by the Purchaser, the Vendors and the Escrow Agent. The Indemnity Escrow Agreement shall provide for, subject to the satisfaction of any Agreed Claims pursuant to Article VII, the release of 50% of the Indemnity Escrow Consideration Shares on the one year anniversary of the Closing Date and the release of the balance of the Indemnity Escrow Consideration Shares on the 18 month anniversary of the Closing Date;
  - (ii) the issuance of that number of GDFSI Shares equal to 90% of the difference of (1) 63,333,333 less (2) the number of GDFSI Debenture Shares issued to the Playgon Debenture Holders in connection with the exercise of the conversion right under the Conversion and Sale Agreements (the “**Release Escrow Consideration Shares**” and, together with the Indemnity Escrow Consideration Shares, the “**Consideration Shares**”) in accordance with the Purchase Price Allocation by the delivery of certificates representing such Release Escrow Consideration Shares to the Escrow Agent to be held in escrow in accordance with this Agreement and an escrow agreement (the “**Release Escrow Agreement**”) to be entered into as of the Closing Date by the Purchaser, the Vendors and the Escrow Agent. The Release Escrow Agreement shall provide for the release of 12.5% of the Release Escrow Consideration Shares on a quarterly basis with the first 12.5% being released on the six-month anniversary of the Closing Date; and
- (b) The number of Indemnity Escrow Consideration Shares and Release Escrow Consideration Shares shall be set out in Schedule “A” as may be updated pursuant to Section 2.8(a).
- (c) The share certificates representing the Consideration Shares shall bear a legend substantially in the following form:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE <insert date that is four months and one day after Closing Date>.”

and, if applicable:

“WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE, AS APPLICABLE, AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL <insert date that is four months and one day after Closing Date>.”

## **2.4 Place of Closing**

The Closing shall take place at the Closing Time virtually or at the offices of Osler, Hoskin & Harcourt LLP, 1055 W Hastings St #1700, Vancouver, BC V6E 2E9, or at such other place as may be agreed upon by the Vendors and the Purchaser.

## **2.5 Delivery of Closing Date Financial Statement**

As soon as reasonably practicable after the Closing Date and in any event not later than 45 days thereafter, the Purchaser shall prepare and deliver to the Vendors' Representative the Closing Date Financial Statement. The Parties shall cooperate fully in the preparation of the Closing Date Financial Statement.

## **2.6 Net Working Capital Adjustment**

Subject to Section 2.7, within 10 days after delivery by the Purchaser to the Vendors' Representative of the Closing Date Financial Statement, if the Closing Net Working Capital is less than the Target Net Working Capital (the “**Working Capital Difference**”), then the Vendors shall, severally, either (a) pay to the Purchaser an amount equal to their Pro Rata Share of the Working Capital Difference, or (b) irrevocably direct the Escrow Agent to return to the Purchaser for cancellation such number of Indemnity Escrow Consideration Shares equal to their Pro Rata Share of the Working Capital Difference divided by \$0.15 per share and, if there is any balance remaining, to pay such amount in cash or to make arrangements, satisfactory to the Purchaser, to cancel that number of Release Escrow Consideration Shares held, if any, equal to the balance owing divided by \$0.15 per share.

## **2.7 Objection to Closing Date Financial Statement**

- (a) **Time for Objections** – After the Purchaser has furnished to the Vendors' Representative the Closing Date Financial Statement, the Vendors' Representative may object thereto by written notice from the Vendors' Representative to the Purchaser within 30 days after the Vendors' Representative's receipt of the Closing Date Financial Statement, which notice shall specify in reasonable detail those

items or amounts as to which the Vendors' Representative objects and the Vendors shall be deemed to have agreed with all other items and amounts contained in the Closing Date Financial Statement. If no such notice is delivered within such 30 day period, or if the Vendors' Representative delivers a notice of acquiescence prior to the end of such 30 day period, or if the Purchaser and the Vendors' Representative agree upon all matters in dispute within the 45 day period specified in Section 2.7(b), then the Closing Date Financial Statement, as adjusted to reflect any such agreements, shall be final and binding upon all Parties hereto.

- (b) **Dispute Resolution** – The Purchaser and the Vendors' Representative shall in good faith attempt to resolve any matters in dispute with respect to the Closing Date Financial Statement as promptly as practicable. If the Purchaser and the Vendors' Representative are unable to resolve all such items in dispute within 45 days after the Purchaser's receipt of the Vendors' Representative's written objection to the Closing Date Financial Statement pursuant to Section 2.7(a), then those items or calculations in dispute shall be submitted for resolution to the Independent Accountant. The Independent Accountant shall consider only those items or amounts in the Closing Date Financial Statement as to which the Vendors' Representative has objected in accordance with Section 2.7(a). The Parties shall use their commercially reasonable efforts to cause the Independent Accountant to submit its determination in a written statement delivered to the Purchaser and the Vendors' Representative as promptly as practicable, but in no event later than 30 days following submission of the dispute by the Vendors' Representative and the Purchaser, and such determination, together with the determinations of the Purchaser and the Vendors' Representative with respect to those items accepted by the Vendors' Representative or otherwise resolved between the Purchaser and the Vendors' Representative in accordance with the first sentence of this Section 2.7(b), shall become the Closing Date Financial Statement and shall be final and binding upon all Parties hereto and shall constitute an arbitral award that is non-appealable and upon which a judgment may be entered by a court having competent jurisdiction.
- (c) **Payment of Fees** – The Vendors shall pay the fees of their accountants and the Purchaser shall pay the fees of its accountants in connection with the preparation and review of the Closing Date Financial Statement. The fees and disbursements of the Independent Accountant shall be borne one-half by the Purchaser and one-half by the Vendors.
- (d) **Post-Closing Payment** – Within 10 Business Days after resolution of the dispute relating to the Closing Date Financial Statement either by agreement of the Parties or in accordance with the final determination by the Independent Accountant, the Vendors or the Purchaser, as the case may be, shall pay to the other the amount owing as a result of such resolution or final determination.

## 2.8 Allocation of Purchase Price

- (a) The allocation of the Purchase Price among the Vendors shall be determined immediately prior to the Closing based on the aggregate number of the outstanding

shares in the capital of the Company held by the Vendors. Schedule “A” sets out an indicative allocation of the Purchase Price among the current shareholders of the Company assuming the conversion of the Playgon Debentures as of November 30, 2019 and assumes that \$1,000,000 of Playgon Debentures have been issued on the basis set out in Section 8.8. Three days prior to the Closing, the Company shall provide to the Purchaser an update to Schedule “A” which sets out the calculation of the allocation of the Purchase Price among the Vendors and which is updated to reflect the number of Common shares in the capital of the Company to be issued to the Playgon Debenture Holders as set out in their applicable Conversion and Sale Agreements.

- (b) The amount of the difference, if any, referred to in Section 2.6, shall constitute a reduction of the Purchase Price. The Purchase Price shall be allocated in accordance with the Purchase Price Allocation. The allocation of the Purchase Price shall be binding and the Vendors and the Purchaser shall report the purchase and sale of the Purchased Shares in any Tax Returns or other filings which are necessary or desirable under the Tax Act or any other Laws to give effect to such allocation. Neither any of the Vendors nor the Purchaser shall take a contrary position with respect to such allocation in any Tax proceeding or audit.

## **2.9 Roll-over Elections**

- (a) Subject to the limitations and conditions set out below, at the request of any of the Vendors, the Purchaser will make a joint election or elections under subsection 85(1) of the Tax Act and the corresponding provisions of any applicable provincial Tax statute with such Vendor with respect to the sale of any or all of the Purchased Shares sold by such Vendor (collectively, the “**Rollover Shares**”) at the amount elected by such Vendor, subject to the limitations set forth in the Tax Act and the corresponding provisions of any applicable provincial Tax statute. The Purchaser shall not be responsible for the proper completion or filing of any election form (other than with respect to the information relating to the Purchaser) and each such Vendor will be solely responsible for the payment of any late filing penalties, unless such late filing penalties are as a result of a breach of the Purchaser’s obligations hereunder, in which case such late filing penalties shall be borne solely by the Purchaser. The Purchaser agrees to complete and execute any election form that appears correct and complete and forward and deliver such signed election form within 15 days after the receipt thereof to the relevant Vendor or its duly authorized agent.
- (b) In order to make an election, the requesting Vendor will provide the Purchaser with two signed copies of the appropriate election form(s), duly completed with the details of the number and class of Rollover Shares under subsection 85(1) of the Tax Act and the corresponding provisions of any applicable provincial Tax statute and the elected amount for the purposes of such election(s) to be made in respect of the Rollover Shares. Such election form(s) will be duly signed by the Purchaser and returned, within 15 days after the receipt thereof or such later date as such Vendor and the Purchaser may agree, to such Vendor or his duly authorized agent, for filing by such Vendor with the Canada Revenue Agency (and with the relevant

provincial Tax authority, where applicable). The amount to be so elected shall be an amount determined by such Vendor at its sole discretion, subject to the limitations set forth in the Tax Act and the corresponding provisions of any applicable provincial Tax statute (the “**Elected Amount**”),

- (c) If a Vendor subsequently determines to revise the elected amount (the “**Adjusted Elected Amount**”) to an amount that is more or less than the Elected Amount, then the Purchaser will execute a revised election under the provisions of subsection 85(1) of the Tax Act and the corresponding provisions of any applicable provincial Tax statute to give effect to such Vendor’s intention that the Elected Amount is to be equal to the Adjusted Elected Amount, provided that the Adjusted Elected Amount also complies with the restrictions set out in Section 2.9(b). The Purchaser agrees to execute any revised election form that appears correct and complete and to forward such signed election form (within 15 days after the receipt thereof) to the relevant Vendor or his or her duly authorized agent.
- (d) With the exception of the execution of any election form by the Purchaser and completion of the information relating to the Purchaser within the time periods provided for herein, compliance with the requirements for a valid election will be the sole responsibility of the Vendor making the election. Accordingly, except as provided herein, Purchaser shall not be responsible or liable for any Taxes, damages or expenses resulting from the failure by anyone to properly complete any election form or to properly file such election form within the time prescribed and in the form prescribed under the Tax Act and the corresponding provisions of any applicable provincial Tax statute.

## **2.10 Rights Cumulative**

The rights contained in this Article II are cumulative and are in addition to every other right contained in this Agreement.

### **ARTICLE III REPRESENTATION AND WARRANTIES OF THE VENDORS REGARDING THE VENDORS**

The Vendors and the Company have delivered to the Purchaser the Vendors’ Disclosure Letter to be delivered pursuant to this Agreement, which is deemed to constitute an integral part of this Agreement and to modify the representations and warranties of the Vendors contained in this Article III. For greater clarity, all disclosures in the Vendors’ Disclosure Letter will modify each of the representations and warranties of the Vendors contained in this Article III provided that the relevance of such particular disclosure is readily apparent in respect of the applicable representation or warranty. Each of the Vendors severally and not jointly make the following representations and warranties in respect of itself only and acknowledges that the Purchaser is relying on such representations and warranties in entering into this Agreement and in purchasing the Purchased Shares from the Vendors:

### **3.1 Capacity, Execution and Delivery**

Such Vendor, if a corporation, is a corporation duly incorporated, validly existing and organized and in good standing under the laws of the jurisdiction of its incorporation and has not been dissolved. Such Vendor has, in the case of an individual, the legal capacity, and in the case of a corporation, the corporate power, authority and capacity, to execute, deliver and perform this Agreement and all of the agreements contemplated hereby to which such Vendor is a party (including each of the Ancillary Agreements to which such Vendor is or will become a party) and to consummate the transactions contemplated hereby and thereby. This Agreement and all of the agreements contemplated hereby to which such Vendor is a party have been duly and validly executed and delivered by such Vendor, and each such agreement constitutes a legal, valid and binding obligation of such Vendor, enforceable against such Vendor in accordance with its terms, except (a) as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and similar Laws affecting creditors' rights generally, and (b) as such enforceability may be limited by general principles of equity, regardless of whether asserted in a proceeding in equity or law. No further action on the part of such Vendor is or will be required in connection with the transactions contemplated hereby.

### **3.2 Title to Shares**

Such Vendor has good and valid, legal and beneficial title to its portion of the Purchased Shares, free and clear of any Encumbrances. None of such Vendor's portion of the Purchased Shares is subject to the terms of any shareholders' or similar agreement other than the Company's Shareholder Agreements. Such Vendor has, and at the Closing Time will have, the exclusive right to dispose of the Purchased Shares held by the Vendor as provided in this Agreement and, upon delivery and payment for such Purchased Shares as herein provided, such Vendor will convey good and valid title thereto, free and clear of all Encumbrances.

### **3.3 Consents and Approvals; No Violations**

- (a) Neither the execution and delivery of this Agreement or any other agreement or document to which such Vendor is or will become a party as contemplated by this Agreement, the consummation of the transactions contemplated herein or therein nor compliance by such Vendor with any provisions hereof or thereof will (i) conflict with or result (with or without notice, lapse of time or both) in a breach of any of the terms, conditions or provisions of the articles, by-laws or other constating documents of such Vendor, if a corporation, (ii) conflict with or result in a breach or a default (or give rise to any right of termination, cancellation, acceleration, modification or other right) under any of the provisions of any note, bond, mortgage, indenture, franchise, permit, Contract or other instrument or obligation to which such Vendor is a party, or by which such Vendor is bound or affected, except for such conflict, breach or default as to which requisite waivers or consents shall have been obtained by the Vendors before Closing (which waivers or consents are identified and described in the Vendors' Disclosure Letter), (iii) violate any Laws applicable to such Vendor or any of their respective properties or assets, or (iv) result in the creation or imposition of any Encumbrance upon any of the Purchased Shares.

- (b) No consent or approval by, or any notification or filing with, any Governmental Authority or any other Person is required in connection with the execution, delivery or performance by such Vendor of this Agreement or any other agreement or document to which such Vendor is or will be a party.
- (c) There is no Claim commenced or in progress or, to the knowledge of such Vendor, pending or threatened against or relating to such Vendor or any of their respective property or assets that might impair the consummation, or the benefits to the Purchaser, of the transactions contemplated by this Agreement or in any other agreement or document to which such Vendor is or will be a party.

### **3.4 Residence**

Except as otherwise set out in Schedule “A” or any update to Schedule “A” provided to the Purchaser pursuant to Section 2.8(a), each Vendor is not a non-resident of Canada for the purposes of the Tax Act.

## **ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE VENDORS AND THE COMPANY REGARDING THE ACQUIRED COMPANIES**

The Vendors and the Company have delivered to the Purchaser the Vendors’ Disclosure Letter to be delivered pursuant to this Agreement, which is deemed to constitute an integral part of this Agreement and to modify the representations and warranties of the Vendors and the Company contained in this Article IV. For greater clarity, all disclosures in the Vendors’ Disclosure Letter will modify each of the representations and warranties of the Vendors and the Company contained in this Article IV provided that the relevance of such particular disclosure is readily apparent in respect of the applicable representation or warranty. Each of the Vendors and the Company, severally and not jointly, makes the following representations and warranties and acknowledges that the Purchaser is relying on such representations and warranties in entering into this Agreement and in purchasing the Purchased Shares from the Vendor:

### **4.1 Corporate Organization, Standing and Qualifications**

The Company is a corporation duly incorporated, validly existing, organized and in good standing under the laws of the Province of British Columbia and has not been dissolved. Each of the Subsidiaries is a corporation duly incorporated, validly existing, organizing in good standing under the laws of the jurisdiction of its incorporation as set out in the Vendors’ Disclosure Letter and has not been dissolved. Each of the Acquired Companies has all requisite corporate power, authority and capacity to own, lease and operate its property and assets and to carry on the Business. Each of the Acquired Companies has made all filings and registrations under all applicable Laws and is duly qualified or licensed as a corporation to carry on business, and is in good standing, in each jurisdiction in which the nature of the Business, or the property owned or leased by such Acquired Company, makes such qualification necessary except where the failure to be so qualified may be cured with only immaterial expense and with such failure having no Material Adverse Effect on the Acquired Companies (as a whole) or the Business. The Vendors’ Disclosure Letter contains (a) a complete list of the jurisdictions in which the Business is carried on by the Acquired Companies, (b) a list of all of the lines of business in which the Acquired Companies are

participating or engaged, (c) the primary lines of business in which the Acquired Companies have participated or engaged in the past, and (d) the names (registered or otherwise) under which an Acquired Company does as of the date hereof, or has in the past done, business. None of the Acquired Companies have engaged in any other business in the past except as disclosed in the Vendors' Disclosure Letter. Complete and correct copies of the articles of incorporation and by-laws, if applicable, or other organization documents of the Acquired Companies, including any and all amendments thereto, have been delivered or made available to the Purchaser and such articles and by-laws, if applicable, or such other organization documents as so amended, are in full force and effect, and no amendments are being made to same. The name of each director and officer of each Acquired Company on the date hereof and the positions held by each are set forth in the Vendors' Disclosure Letter.

#### **4.2 Capitalization**

The authorized and issued share capital of each Acquired Company as of the Closing Time is as set out in the Vendors' Disclosure Letter. All of the issued and outstanding shares in the capital of each Acquired Company have been duly and validly issued and are outstanding as fully paid and non-assessable and are not, and at the Closing Time will not be, subject to any pre-emptive rights. There are no shares in treasury or otherwise reserved for issuance by any of the Acquired Companies. Other than as disclosed in the Vendors' Disclosure Letter or as contemplated by this Agreement, none of the Acquired Companies has any (a) issued or outstanding (i) shares in its capital, or (ii) securities convertible into, or exchangeable or exercisable for, any options, warrants, calls, puts, subscriptions or other rights, (b) agreements or Contractual Obligations relating to any of the issued and outstanding shares in its capital or obligating it or any Vendor to issue or sell any of the shares in its capital or any such securities, options, warrants, calls, puts, subscriptions or other rights, (c) Encumbrances relating to any of the shares in its capital, (d) rights or Contractual Obligations to give funds to or make any investment in any other Person, or (e) rights or Contractual Obligations that give any Person other than such Acquired Company or a Vendor any right to reserve or exercise any benefits or rights similar to any rights enjoyed or accruing to the holder of the shares in its capital, including, without limitation, any right to participate in its equity or income or to participate in or direct the election of any of its board of directors or officers or the manner in which any shares in its capital may be listed or in which the Business is conducted.

#### **4.3 Subsidiaries**

The Company does not have any subsidiaries or own any shares or equity or other interest in any corporation, limited liability company, partnership, limited liability partnership, joint venture or entity or other Person except as disclosed in the Vendors' Disclosure Letter (collectively, the "**Subsidiaries**"). Except as disclosed in the Vendors' Disclosure Letter, the Company is not a member of or participant in any partnership, joint venture or similar Person.

#### **4.4 Books and Records; Bank Accounts**

- (a) All of the Books and Records of the Acquired Companies have been delivered or made available to the Purchaser. Such Books and Records are duly maintained in accordance with all applicable Laws and contain full and accurate records of all matters required to be dealt with in such records. All material financial transactions relating to the Acquired Companies and the Business have been accurately recorded

in their Books and Records in accordance with IFRS. The minute books of each of the Acquired Companies include complete and accurate minutes of all meetings of the directors and shareholders of such Acquired Company held to date and resolutions passed by the directors and shareholders on consent since the date of incorporation. The central securities register and register of directors (or other similar register maintained) of each Acquired Company are complete and accurate.

- (b) The Vendors' Disclosure Letter contains a correct and complete list showing (i) the name of each bank in which an Acquired Company has an account or safe deposit box and the names of all Persons authorized to draw on the account or to have access to the safety deposit box, and (ii) the names of all Persons holding powers of attorney from an Acquired Company. Copies of all such powers of attorney have been made available to the Purchaser.

#### **4.5 Financial Statements; Certain Financial Information**

- (a) The Company has furnished to the Purchaser true and complete copies of the Financial Statements. Each balance sheet included in the Financial Statements is true, complete and correct and presents fairly the financial condition of the Acquired Companies as of the respective date of such balance sheet and each of the statements of operations and retained earnings and cash flows included in the Financial Statements is true, complete and correct and presents fairly the results of operations and cash flows of the Acquired Companies for the periods set forth therein, in each case in accordance with IFRS consistently applied, except as otherwise noted therein, and in each case were compiled from the Books and Records regularly maintained by management and used to prepare financial statements of the Acquired Companies in accordance with the principles stated therein. The Acquired Companies have maintained their Books and Records in a manner sufficient to permit the preparation of the Financial Statements in accordance with IFRS, consistently applied. Such Books and Records fairly reflect the income, expenses, assets and liabilities of the Acquired Companies and provide a fair and accurate basis for the preparation of the Financial Statements.
- (b) There were no liabilities or obligations (including those that are absolute, accrued, contingent, liquidated, unliquidated or unasserted, and whether due or to become due) of an Acquired Company which were not shown or provided for on the balance sheets of the Acquired Companies included in the Financial Statements to which such liabilities or obligations relate. All reserves established by the Acquired Companies are reflected on the Interim Balance Sheets and are adequate and stated in accordance with IFRS and there are no loss contingencies that are required to be accrued pursuant to IFRS which are not provided for on such balance sheets. The Vendors' Disclosure Letter sets forth the Vendors' best good faith estimates as of the date hereof of the cost to the Acquired Companies for vacation, sick leave and similar paid leave of the Employees.
- (c) The Company does not have any obligations arising under off balance sheet arrangements or agreements that in substance provide financing to any of the Acquired Companies.

- (d) The Acquired Companies have devised and maintain a system of internal control over financial reporting sufficient to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements in accordance with IFRS.

#### **4.6 Absence of Undisclosed Liabilities**

Except as disclosed in the Vendors' Disclosure Letter, none of the Acquired Companies has, nor as a result of the transactions contemplated by this Agreement will have, any Indebtedness, Claim, liability, obligation or Contractual Obligation of any nature (whether known or unknown, absolute, accrued, fixed, contingent, liquidated, unliquidated, unasserted or otherwise and whether due or to become due), except for the liabilities and obligations (a) reflected on the Interim Balance Sheets, (b) incurred in the ordinary course of business consistent with past practice since May 31, 2019 and which, individually or in the aggregate, do not exceed \$2,021,250, and (c) pertaining to Taxes.

#### **4.7 Accounts Payable and Accounts Receivable**

The Vendors' Disclosure Letter contains a true and complete aged list of all Accounts Payable and a true and complete aged list of all Accounts Receivable, in each case as of August 31, 2019. The Accounts Receivable shown on the Interim Balance Sheets (subject to reserves for non-collectability as reflected therein) and all receivables acquired or generated by the Acquired Companies since May 31, 2019 are *bona fide* receivables and represent amounts due with respect to actual arm's length transactions entered into in the ordinary course of business consistent with past practice and are collectable at their recorded amounts. Any reserves for non-collectability have been reflected on the Interim Balance Sheets in accordance with IFRS and are adequate. No such receivable has been assigned or pledged to any other Person and no defence of set-off or similar right to any such receivable has been asserted by the account obligor. There has been no Material Adverse Change since the date of the Financial Statements in the amount of Accounts Receivable or other debts due to any of the Acquired Companies or the allowances with respect thereto, or Accounts Payable of the Acquired Companies, from that reflected in the Financial Statements.

#### **4.8 Suppliers and Customers**

The Vendors' Disclosure Letter sets out each supplier and customer accounting for more than 10% of the consolidated purchases and sales, as the case may be, of the Business for each of (a) the last three complete fiscal years, and (b) the year to date, and the amounts of such purchases and sales. The relationships of the Acquired Companies with each such supplier and customer are good commercial working relationships, and except as set out in the Vendors' Disclosure Letter no such supplier or customer has cancelled or otherwise terminated, or, to the knowledge of the Vendors, threatened to cancel or otherwise terminate, its relationship with any of the Acquired Companies or the Business. None of the Acquired Companies has received any notice that any such supplier or customer may cancel or otherwise materially and adversely modify its relationship with any of the Acquired Companies or the Business or limit its services, supplies or materials to any of the Acquired Companies or the Business, or its usage or purchase of the services and products of any of the Acquired Companies and the Business either as a result of the transactions contemplated hereby or otherwise. The Vendors have delivered to the Purchaser copies of all Contracts with the customers and suppliers listed in the Vendors' Disclosure Letter. Except as reflected in such

Contracts, no customers of any of the Acquired Company are entitled to or customarily receive discounts, allowances, volume rebate or similar reductions in price or other trade terms arising from any agreements or understandings (whether written or oral) with or concessions granted to any customer.

#### **4.9 Interests in Suppliers, Customers, Etc.; Affiliate Transactions**

- (a) Except as set out in the Vendors' Disclosure Letter, none of the Acquired Companies has any outstanding Indebtedness, Claim, liability or obligation for amounts owing to (including for cash advances or negative cash balances), or notes or accounts receivable from, or leases, Contracts or other commitments or arrangements with or for the benefit of any of the Vendors or their respective Affiliates and Associates or their respective family members, or the directors, officers or employees of any of the Vendors or the Affiliates of any of the foregoing.
- (b) Except as set out in the Vendors' Disclosure Letter, none of the Vendors, any Affiliate of a Vendor or any officer or director of a Vendor possesses, directly or indirectly, any financial interest in, or is a director, officer or employee of, any Person which is a client, supplier, customer, lessor, lessee or competitor or potential competitor of any of the Acquired Companies and the Business. For the purposes of this Section 4.9(b), ownership of securities of a company whose securities are registered under the *Securities Act* (British Columbia) of 1% or less of any class of such securities shall not be deemed to be a financial interest.
- (c) Except as set out in the Vendors' Disclosure Letter, (i) no Indebtedness, Claim, liability or obligation of any of the Acquired Companies in respect of the Business is guaranteed by any of the Vendors or any Affiliate of a Vendor, or any officer or director of a Vendor, and (ii) none of the Acquired Companies is a guarantor or co-obligor of any Indebtedness, Claim, liability or obligation of any of the Vendors or any Affiliates, shareholders, officers or directors of the Vendor, or any of their Affiliates or Associates or family members.
- (d) In the conduct of the Business, none of the Acquired Companies has co-mingled its assets with those of any of the Vendors or any Affiliate of a Vendor, or any Associate thereof, engaged in any joint activities with regard to the purchase or sale of products or services, failed to maintain appropriate distinction between the Business and the other assets or properties of a Vendor and those of any other Person, or engaged in any acts or omitted to take any action which could reasonably be expected to form the basis of any Claim or assertion that the Company or the Business were responsible or liable for any Indebtedness, Claim, liability or obligation of any other Person.

#### **4.10 Absence of Certain Changes or Events**

Except as set out in the Vendors' Disclosure Letter, since May 31, 2019 there has not been any Material Adverse Change in the condition of the Acquired Companies (as a whole) or the Business and no such Material Adverse Change is pending or, to the knowledge of the Vendors, threatened.

Without limiting the generality of the foregoing, except as disclosed in the Vendors' Disclosure Letter or as otherwise contemplated by this Agreement, none of the Acquired Companies has:

- (a) made any material change in the operations or in the manner of conducting the Business;
- (b) suffered any event, violation or other matter that could reasonably be expected to have a Material Adverse Effect on the Acquired Companies (as a whole) or the Business, or suffered any material casualty loss (whether insured or not) or condemnation or other taking adversely affecting the Acquired Companies or the Business;
- (c) entered into any employment Contract or commitment (whether oral or written) or compensation arrangement or employee benefit plan, or changed or committed to change (including any change pursuant to any bonus, Plan, profit-sharing or other plan, commitment, policy or arrangement) the compensation payable or to become payable to any of its officers, directors, employees, agents or consultants, or made any pension, retirement, profit-sharing, bonus or other employee welfare or benefit payment or contribution;
- (d) declared, paid or made, or set aside for payment or making, any dividend or other distribution in respect of its common shares or other capital or securities, or directly or indirectly redeemed, repurchased or otherwise acquired any of its common shares or other capital or securities or subdivided or in any way reclassified or changed any of the terms or provisions of its common shares or other capital or securities;
- (e) sold, transferred or leased any property or assets to, or entered into or amended any transactions, agreements arrangements with or for the benefit of, any of the Vendors or any of their respective Affiliates, Associates or family members or any of the officers or directors of any Affiliate or Associate of any officers or directors of any of the Vendors, except for the reimbursement of business expenses of a usual and customary nature and not exceeding, in the aggregate, \$25,000;
- (f) made or proposed any change in the accounting or Tax principles, practices or methods of an Acquired Company, including its practices or terms relating to Accounts Payable or Accounts Receivable or made or proposed any change in any policy or practice relating to pricing, investments, credit, inventory, bad debt, contingency or other reserves, except for such changes which are required by IFRS or any Laws;
- (g) incurred any liability except for current liabilities not constituting Indebtedness that are (i) reflected on the Interim Balance Sheets, or (ii) incurred after May 31, 2019 in the ordinary course of business consistent with past practice;
- (h) cancelled or waived any rights with respect to any material debts or other obligations owed to or Claims held by an Acquired Company (including the settlement of any Claims, litigation or other proceeding);

- (i) accelerated or delayed collection of Accounts Receivable generated by the Business in advance of or beyond their regular due dates when the same otherwise would have been collected;
- (j) terminated or amended or suffered the termination or amendment of any Contract pursuant to which an Acquired Company would receive in respect of the Business from any Person or pay to any Person more than \$25,000 in any calendar year or disposed of or permitted to lapse any Intellectual Property used by an Acquired Company;
- (k) made any capital expenditures or commitments for additions to property, plant or equipment constituting capital assets of an Acquired Company except as reflected on the Interim Balance Sheet;
- (l) sold, transferred or leased any property or assets of an Acquired Company;
- (m) entered into any transaction involving, or suffered any development affecting, an Acquired Company, except in the ordinary course of business consistent with past practice; or
- (n) agreed, whether in writing or otherwise, to take any action described in this Section 4.10 or any action which, if taken after the date of this Agreement without the Purchaser's consent, would constitute a breach of Section 6.1.

#### **4.11 Real Property**

- (a) None of the Acquired Companies owns any Real Property. The Vendors' Disclosure Letter sets out the municipal address of all of the Leased Premises. None of the Acquired Companies has any other place of business other than the Leased Premises.
- (b) The Acquired Companies have the exclusive right to possess, use and occupy, and has good and marketable legal and beneficial leasehold title in and to, all of the Leased Premises, free and clear of all Encumbrances except Permitted Encumbrances.
- (c) None of the Acquired Companies has any obligation or liability in respect of real property that was leased in connection with the Business which is no longer occupied or which was disposed of prior to the date hereof or otherwise surrendered.
- (d) The Company has delivered to the Purchaser true, correct and complete copies of the Real Property Leases, including all amendments, modifications, assignments, consents, notices, renewals and supplements thereto or otherwise in respect thereof. There exists no default, or any event which upon the giving of notice or the passage of time or both, would give rise to any default in the performance of the applicable Acquired Company's or, to the knowledge of the Vendors, the lessor thereunder, of any obligation under any of the Real Property Leases.

- (e) None of the Acquired Companies nor any of the Vendors has granted to any Person any right of first refusal, right of first opportunity, option or similar rights to sub-lease the Leased Premises or to otherwise acquire any Acquired Company's rights in and to the Real Property Leases or the Leased Premises or any interest therein or any part thereof. None of the Acquired Companies nor the Vendor has sublet any portion of the Leased Premises to any Person.

#### **4.12 Title to Assets**

Except as set out in the Vendors' Disclosure Letter, each Acquired Company is the sole legal and beneficial owner and (where its interests are registrable) the sole registered owner of all of its assets and interests in assets, real and personal, as shown on the Interim Balance Sheets, or acquired by such Acquired Company since May 31, 2019, with good and valid title, free and clear of all Encumbrances except Permitted Encumbrances. Other than pursuant to this Agreement, no Person has any agreement, option, understanding, commitment or right, or any right or privilege capable of becoming a right, to purchase any assets from an Acquired Company. Subject to Permitted Encumbrances identified in the Vendors' Disclosure Letter, each Acquired Company has good, valid and marketable title to all assets currently used in operating the Business, its assets and interests in assets, real and personal, shown on the Interim Balance Sheets or acquired by such Acquired Company since May 31, 2019, with good and valid title, free and clear of all Encumbrances except Permitted Encumbrances. There is no basis upon which any of the assets of an Acquired Company might become subject to any Encumbrances. Each Acquired Company possesses its assets. All of the tangible personal property used in the Business is in good operating condition and repair, ordinary wear and tear excepted, and is adequate and suitable for the purposes for which it is presently being used. All items of personal property owned by an Acquired Company or relating to the Business with an original cost or book value exceeding \$25,000 are listed in the Vendors' Disclosure Letter.

#### **4.13 Contracts**

The Vendors' Disclosure Letter contains a complete and accurate list of all Contracts to which an Acquired Company is a party. Each of the Contracts described in the Vendors' Disclosure Letter (or required to be described in the Vendors' Disclosure Letter) constitutes a valid and binding obligation of the parties thereto, enforceable in accordance with its terms. None of the parties to any of the Contracts is in breach of its obligations thereunder and no act or event has occurred which, with notice or lapse of time or both, would constitute a breach of any of the Contracts. Each of the Contracts is in full force and effect and constitutes a legal, valid and binding obligation of the Company and the other parties thereto, enforceable in accordance with its terms, and the applicable Acquired Company is entitled to all of the benefits, rights and privileges under each such Contract. None of the Acquired Companies, the Vendors nor their counsel has received notice that any customer, supplier or other Person has breached, intends to breach or intends to discontinue any Contract to which an Acquired Company is a party.

#### **4.14 Intellectual Property**

The Vendors' Disclosure Letter sets out a full, complete and accurate list of all Intellectual Property and identifies the Intellectual Property owned by an Acquired Company and the Intellectual Property licensed by an Acquired Company from third parties, other than the Software

and normal and routine off-the-shelf software licence agreements. Such Intellectual Property is the only intellectual property necessary for and material to the operation of the Business. All of the Intellectual Property is valid, subsisting and enforceable. Except to the extent set out in the Vendors' Disclosure Letter:

- (a) The Company owns, directly and exclusively, all right, title and interest in and to all Intellectual Property owned by it as identified in the Vendors' Disclosure Letter, with a good and marketable title, free and clear of all liens, Encumbrances or any other rights of others. Any third party who has any moral rights or similar rights in or to such Intellectual Property has irrevocably waived such rights in favour of the Company. The Company holds valid licences for all of the Intellectual Property owned by third parties.
- (b) The Company has not, during the past two years, except in the ordinary course of business in connection with the distribution of its products and licences to end users:
  - (i) transferred, conveyed, sold, assigned, pledged, mortgaged or granted a security interest in any Intellectual Property owned by the Company to any third party;
  - (ii) entered into any licence, franchise or other agreement with respect to any Intellectual Property owned by the Company with any third person; or
  - (iii) otherwise encumbered any of the Intellectual Property owned by the Company.
- (c) The Company has taken all steps reasonably necessary to validly maintain, and has not taken any steps that could constitute abandonment of, the Intellectual Property, including paying all necessary fees and filing all appropriate affidavits and renewals with the appropriate Governmental Authorities.
- (d) All of the Intellectual Property owned by the Company was created by employees in the course of their employment or by contractors who have transferred and assigned all of their rights in and to such Intellectual Property to the Company pursuant to written assignment agreements and have waived their moral rights and rights of a similar nature in and to such Intellectual Property.
- (e) To the knowledge of the Vendors, the Intellectual Property owned by the Company and currently used to conduct the Business does not conflict with, misappropriate or infringe upon or otherwise violate any intellectual property rights of any third party. There are no unresolved, pending or, to the knowledge of the Vendors, threatened Claims that allege that the Company has infringed or misappropriated the intellectual property rights of any third party.
- (f) There are no unresolved, pending or, to the knowledge of the Vendors, threatened Claims that challenge or otherwise question the validity, title or ownership of any

Intellectual Property, or the right to use any Intellectual Property, that the Company owns and/or currently uses to conduct the Business.

- (g) To the knowledge of the Vendors, there is no, and there has not been any, conflict, unauthorized use, infringement or misappropriation of any of the Intellectual Property owned, used or licensed by or to the Company or any breach at any time of any duty or obligation owed to the Company in respect of any of the Intellectual Property.
- (h) The Company has taken reasonable commercial measures to maintain the secrecy of the Intellectual Property that is considered to be trade secrets or confidential information.
- (i) Each Employee and contractor to the Company or the Business has signed a confidentiality and non-disclosure agreement and, except as disclosed in the Vendors' Disclosure Letter, to the knowledge of the Vendors there have not been any breaches of such confidentiality and non-disclosure agreements. To the knowledge of the Vendors, the Company's employment of any of its employees or the retainer of any consultant does not violate any non-disclosure or non-competition agreement between any employee or consultant and a third party.
- (j) Neither the Company nor the Business is a party to any agreement, contract or judicial order that in any way limits or restricts any Intellectual Property that the Company owns and/or currently uses to conduct the Business, other than normal and routine off-the-shelf software licence agreements.

#### **4.15 Software**

The Vendors' Disclosure Letter sets forth a full, complete and accurate list of all of the Software and all components thereof, including all components owned by the Company and all components licensed by the Company from third parties. Except to the extent set out in the Vendors' Disclosure Letter:

- (a) Other than the Software owned by third parties, the Software does not contain, embody, use or require any third party software, including development tools and utilities, and the Software constitutes all materials necessary for the continued maintenance, modification, development and enhancement of the Software.
- (b) Copies of all licence and maintenance agreements for the Software owned by third parties have been made available to the Purchaser. No person has been provided a copy of the Software except pursuant to a valid licence.
- (c) All copies of the source code and related documentation for all Software are securely located at the premises of the Company or the Business. No source code or related documentation forming part of the Software is subject to escrow. The source code or related documentation has not been disclosed to any third party. None of the Software is subject to an open source code licence or to any licence requiring the present or future public disclosure of its source code.

- (d) The Company has obtained all applicable approvals from all Governmental Authorities in all jurisdictions where the Software is licensed.
- (e) The Vendors' Disclosure Letter lists all licences, all installation, implementation, maintenance or support agreements, all development contracts and all other agreements between the Company or the Business and users of the Software, copies of each of which have been made available to the Purchaser. All such users have non-transferable, non-exclusive licences to use only object code versions of the Software.
- (f) To the knowledge of the Vendors, there are no problems or defects in the Software including bugs, logic errors or failures of the Software to operate as described in the related documentation and, to the knowledge of the Vendors, the Software operates in accordance with its documentation and specifications and has no other material problems or defects.
- (g) The Software does not contain any undocumented code, disabling mechanism or protection feature intentionally designed to prevent its use, including any clock, timer, counter, computer virus, worm, software lock, drop dead device, Trojan-horse routine, trap door, time bomb or any other codes or instructions that may be used to access, modify, replicate, distort, delete, damage or disable Software or data, other software, operating systems, computers or equipment with which the Software interacts.
- (h) The Vendors' Disclosure Letter accurately describes the current state of the Software, together with all current development plans for the Software, including design problems, remedial plans, requests for new features from customers and enhancement plans.
- (i) The Company has not orally or in writing committed to provide selective special enhancements to any of its Software for any licencees.
- (j) There are no, and there have never been, any distributors, sales agents, representatives or any other Persons, including VARs, OEMs or resellers, who have or had rights to market or license the Software. No person has any exclusive rights in respect of the Software.

#### **4.16 Equipment**

The Vendors' Disclosure Letter contains a complete and accurate list of all of the Equipment owned, leased or used by an Acquired Company in connection with the Business. All of such Equipment have undergone any scheduled maintenance in accordance with manufacturer's recommendations and are in good condition, repair and (where applicable) proper working order, having regard to their age and reasonable wear and tear. The Equipment are situated at the locations set forth in the Vendors' Disclosure Letter.

#### **4.17 Insurance**

The Vendors' Disclosure Letter contains a complete and accurate list of all primary, excess and umbrella policies, bonds and other forms of insurance currently owned or held by or on behalf of, or providing insurance coverage to the Acquired Companies or the Business and any assets relating thereto, including the following information for each such policy: name of insurer; effective and expiration date; policy number; per occurrence and annual aggregate deductibles or self-insured retention; annual premium and any other fees for the procurement of such insurance; and per occurrence and annual aggregate limits of liability to the extent, if any, to which the limits of liability have been exhausted. Each of the Acquired Companies has its assets and the Business insured against loss or damage by all insurable hazards or risks on a replacement cost basis and such insurance coverage will be continued in full force and effect (with all premiums paid) up to and including the Closing Date. None of the Acquired Companies is in default with respect to any of the provisions contained in any such insurance policy and has not failed to give any notice or present any Claim under any such insurance policy in a due and timely fashion. Nothing has been done or omitted to be done by any Acquired Company which could make any policy of insurance described in the Vendors' Disclosure Letter void or voidable. The Vendors' Disclosure Letter includes a list setting forth any and all claims, with reasonable particulars, made under any policies of insurance maintained by or for the benefit of the Acquired Companies over the past five years prior to the date of this Agreement.

#### **4.18 Taxes**

- (a) Each of the Acquired Companies has duly filed on a timely basis with the appropriate Governmental Authority all Tax Returns required to be filed on or before the Closing. All such Tax Returns are true, correct and complete in all material respects.
- (b) Each of the Acquired Companies has duly and timely paid all Taxes, including all instalments on account of Taxes for the current year, that are due and payable by it whether or not assessed by the appropriate Governmental Authority. Provision has been made on the Financial Statements of the Acquired Companies for amounts at least equal to the amount of all Taxes owing by any Acquired Company that were not yet due and payable by the date of the applicable Financial Statements and that relate to periods ending on or prior to the date of the applicable Financial Statement.
- (c) The Company has made available to the Purchaser complete and correct copies of all Tax Returns that have been filed as of the date hereof (except Tax Returns for periods in respect of which the applicable statutory period of limitations has expired) and copies of all its correspondence with taxing authorities.
- (d) There are no proceedings, investigations, audits or claims now pending or, to the knowledge of the Company, threatened against any of the Acquired Companies in respect of any Taxes and, to the knowledge of the Company, there are no matters under discussion, audit or appeal with any Governmental Authority relating to Taxes.

- (e) None of the Acquired Companies have requested or entered into any agreement or other arrangement or executed any waiver providing for any extension of time within which (i) to file any Tax Return in respect of any Taxes for which such Acquired Company is or may be liable; (ii) to file any elections, designations or similar filings relating to Taxes for which such Acquired Company is or may be liable; (iii) such Acquired Company is required to pay or remit any Taxes or amounts on account of Taxes; or (iv) any Governmental Authority may assess or collect Taxes for which such Acquired Company is or may be liable.
- (f) Notices of assessment have been issued to each of the Acquired Companies for all of their respective taxation periods ending on or before May 31, 2018.
- (g) Each of the Acquired Companies has duly and on a timely basis withheld from any amount paid or credited by it to or for the account or benefit of any Person, including any Employees, officers or directors and any non-resident person, the amount of all Taxes and other deductions required by any Law to be withheld from any such amount and has duly and on a timely basis remitted the same to the appropriate Governmental Authority.
- (h) None of the Acquired Companies has, directly or indirectly, transferred property to or supplied services to, or acquired property or services from, any Person with whom it was not dealing at arm's length (for the purposes of the Tax Act) for consideration that is less than the fair market value of the property or services at the time of the transfer, supply or acquisition of such property or services.
- (i) For all transactions between an Acquired Company and any non-resident Person with whom such Acquired Company was not dealing at arm's length during a taxation year commencing after 1998 and ending on or before the Closing Date, the Company has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act.
- (j) There are no circumstances which exist and would result in, or which have existed and resulted in, the application of any of sections 78, 80, 80.01, 80.02, 80.03 or 80.04 of the Tax Act, or any equivalent provision of the taxation legislation of any province or any other jurisdiction, to any of the Acquired Companies at any time up to and including the Closing Date in respect of any transaction entered into.
- (k) There are no Encumbrances for Taxes on the assets of any of the Acquired Companies.
- (l) None of the Acquired Companies is party to, bound by or obligated under any tax sharing agreement, tax indemnification agreement or similar contract or arrangement.
- (m) None of the Acquired Companies has made an "excessive eligible dividend designation" as defined in subsection 89(1) of the Tax Act.

- (n) The Company is a registrant for the purposes of the GST Legislation having the registration number 761960921 RT0001. Each of the Canadian Subsidiaries is a registrant for the purposes of the GST Legislation having the registration number set out in the Vendors' Disclosure Letter.
- (o) No claim has ever been made by any Governmental Authority in a jurisdiction in which an Acquired Company does not file Tax Returns that it is or may be subject to taxation in that jurisdiction. Except as disclosed in the Vendors' Disclosure Letter, none of the Acquired Companies is required to file any Tax Returns in any jurisdiction outside Canada.

#### **4.19 Employment Matters**

- (a) The Vendors' Disclosure Letter contains a complete and accurate list of all Employees, their respective positions, dates of hire with the applicable Acquired Company or any predecessors of such Acquired Company, current salaries, benefits and other remunerations and dates of last salary increases and indicates which Employees are parties to a written or oral agreement with such applicable Acquired Company (including confidentiality and non-competition agreements). Except as disclosed in the Vendors' Disclosure Letter, none of the Acquired Companies is a party to any agreements with past or present employees, agents or independent contractors in connection with the Business. All written employment contracts with Employees are described in the Vendors' Disclosure Letter and full and complete copies of such employment contracts have been provided to the Purchaser. Except as disclosed in the Vendors' Disclosure Letter, there are no written contracts of employment entered into with any Employees or any oral contracts of employment which are not terminable on the giving of reasonable notice in accordance with applicable Laws.
- (b) None of the Acquired Companies will have terminated, laid-off or dismissed (whether such dismissal is actual or constructive) in the four weeks preceding the Closing Date any Employees.
- (c) All liabilities in respect of Employees have or shall have been paid to the Closing Date, including premium contributions, remittance and assessments for unemployment insurance, employer health tax, Canada Pension Plan, income tax, workers' compensation and any other employment related legislation, accrued wages, Taxes, salaries, commissions and employee benefit plan payments. There are no outstanding, pending, threatened or anticipated assessments, actions, causes of action, Claims, complaints, demands, orders, prosecutions or suits against any of the Acquired Companies, their respective directors, officers or agents pursuant to or under any applicable Laws, including, but not limited to Canada Pension Plan, unemployment insurance, income tax, employer health tax, employment standards, labour relations, occupational health and safety, human rights, workers' compensation and pay equity. None of the Acquired Companies has any obligation to re-instate any Employees.

- (d) None of the Acquired Companies has made any agreements, whether directly or indirectly, with any labour union, employee association or other similar entity or made commitments to or conducted negotiations with any labour union or employee association or other similar entity with respect to any future agreements. No trade union, employee association or other similar entity has any bargaining rights acquired by either certification or voluntary recognition with respect to the Employees. None of the Vendors or the Company is aware of any current attempts to organize or establish any labour union, employee association or other similar entity affecting any of the Acquired Companies or the Business. There are no outstanding labour tribunal proceedings of any kind, including any proceedings which could result in certification of a trade union as bargaining agent for the Employees, and there have not been any such proceedings within the last two years. There are no threatened or apparent union organizing activities involving the Employees. To the knowledge of the Vendors, none of the Acquired Companies has any labour problems that might affect the value of the Business or lead to any interruption of any of the Acquired Company's operations at any location.
- (e) All vacation pay, bonuses, commissions and other emoluments relating to an Acquired Company and the Employees are accurately reflected in all respects and have been accrued in the Books and Records of the Acquired Companies.

#### **4.20 Benefit Matters**

- (a) The Vendors' Disclosure Letter contains a complete and accurate list of all Plans. No Plan has been terminated or partially terminated and all Plans are still in full force and effect. All Plan Documents have been delivered to the Purchaser and are true, correct, complete and, where applicable, up-to-date.
- (b) All Plans are registered where required by the applicable Laws and no events have occurred which would affect the registered status of such Plans.
- (c) All Plans are in good standing under applicable Laws and the Acquired Companies have made all filings required by the Governmental Authorities and applicable Laws. The Plans and all investments held by such Plans comply in all respects with all applicable Laws and the Plan Documents and the Plans and have been established, funded, invested, amended, maintained and administered in compliance with all of the terms and conditions of the Plans and all applicable Laws.
- (d) All employee data necessary to administer the Plans is in the possession of the Acquired Companies and will be delivered to the Purchaser on or prior to the Closing Date.
- (e) All required contributions or premiums to be paid under the Plans have been fully paid to the date hereof in a timely fashion in accordance with applicable Laws and the Plan Documents and there are no liabilities, contingent or otherwise, in respect of any pension, benefit or compensation plan that has been discontinued.

- (f) There are no outstanding liabilities under the Tax Act or other Tax liabilities with respect to the Plans.
- (g) No improvements to the Plans have been promised and no improvements will be made or promised prior to Closing except as may be required by applicable Laws and the Plan Documents and any such promises of benefit improvements shall be communicated to the Purchaser in writing prior to Closing.
- (h) None of the Plans require or permit a retroactive increase in premiums or payments, or require additional payments or premiums on the termination of any Plan or insurance contract in respect thereof, and the level of insurance reserves, if any, under any insured Plan is reasonable and sufficient to provide for all incurred but unreported claims.
- (i) None of the execution and delivery of this Agreement, the performance of any of the Vendors' obligations under this Agreement or the consummation of any of the transactions contemplated in this Agreement will:
  - (i) result in any payment (including bonus, golden parachute, retirement, severance, unemployment compensation, or other benefit or enhanced benefit) becoming payable under any Plan;
  - (ii) increase any benefits otherwise payable under any Plan;
  - (iii) entitle any Employee of any Acquired Company to any job security or similar benefit or any enhanced benefits; or
  - (iv) result in the acceleration of the time of payment or vesting of any benefits otherwise payable under any Plan, or result in any such plan becoming terminable other than at the sole and unfettered discretion of the applicable Acquired Company.
- (j) None of the Plans provide benefits beyond retirement or other termination of service to employees or former employees or to the beneficiaries or dependants of such employees.
- (k) There are no outstanding actions or Claims with respect to the Plans, other than claims for benefits submitted by members or beneficiaries in the ordinary course, there are no requests for documents and there is no litigation, legal action, suit, investigation, Claim, counterclaim or proceeding pending or threatened against or affecting any Plan which could have a Material Adverse Effect on the Acquired Companies (as a whole) or on any Plan maintained by the Company as of the Closing Date.
- (l) No condition exists that would prevent the applicable Acquired Company from amending or terminating any Plan other than any limitations imposed by applicable Law.

#### **4.21 Compliance with Laws; Governmental Authorizations**

- (a) The Acquired Companies have conducted the Business in compliance with all applicable Laws in each jurisdiction in which the Business is carried on except where the failure to so comply would not and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Acquired Companies (as a whole) or the Business. None of the Acquired Companies has received any notice that any violation of any Law is being or may be alleged.
- (b) Each of the Acquired Companies is duly licensed, registered or qualified and duly possesses all Governmental Authorizations required or necessary to carry on the Business as now conducted in compliance with all applicable Laws other than those the failure of which to obtain, possess or make would not have or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Acquired Companies (as a whole) or the Business, and all such Governmental Authorizations are described in the Vendors' Disclosure Letter. All of the Governmental Authorizations described in the Vendors' Disclosure Letter are valid and subsisting and in good standing and no event has occurred or condition or state of facts exists which constitutes or, after the giving of notice or the passage of time or both, would constitute a breach or default under any of the Governmental Authorizations, or which permits or, after the giving of notice or the passage of time or both, would permit revocation, termination or modification of any of the Governmental Authorizations except for such violations that would not have or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Acquired Companies (as a whole) or the Business.
- (c) There are no limitations or restrictions on carrying on the Business on the lands and premises from which it is now carried on. No proceeding to modify, suspend, revoke, withdraw, terminate or otherwise limit any such Governmental Authorization is pending or threatened and neither the Vendors nor the Company knows of any valid basis for such proceeding, including the transactions contemplated hereby. No administrative or other action or proceeding has been taken or threatened by any Governmental Authority in connection with the expiration, continuance or renewal of any of the Governmental Authorizations applicable to any of the Acquired Companies or the Business and neither the Vendors nor the Company knows of any valid basis for any such proceeding.
- (d) None of the Acquired Companies nor any of their respective directors, officers, employees, agents or representatives has (i) used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity, (ii) directly or indirectly, paid any fee, commission or other sum of money or item of property, however characterized, to any finder, agent, or other Person acting on behalf of or under the auspices of a government official or Governmental Authority, in Canada or any other country, in any manner related to the Company or the Business, that was illegal under any Laws of Canada or any other country having jurisdiction, or (iii) made any payment to any customer or supplier of any

of the Acquired Companies or the Business or any officer, director, partner, employee or agent for the unlawful rebating of charges, or engaged in any other unlawful reciprocal practice, or made any other unlawful payment or given any other unlawful consideration to any such customer or supplier or any such officer, director, partner, employee or agent, in respect of any of the Acquired Companies or the Business.

- (e) Except as disclosed in the Vendors' Disclosure Letter, (i) the Acquired Companies, to the extent required by Law, has a written privacy policy which governs its collection, use and disclosure of Personal Information and each of the Acquired Companies is in compliance with such privacy policy, and (ii) all required consents to the collection, use or disclosure of Personal Information in connection with the conduct of the Business (including disclosure to Affiliates of any of the Vendors have been obtained.
- (f) The Acquired Companies are, and have been since December 31, 2016, conducting the Business in compliance with all applicable Laws governing privacy and the protection of personal information, including the *Personal Information Protection and Electronic Documents Act* (Canada), other than (i) acts of non-compliance which individually or in the aggregate are not material, and (ii) any public disclosure of this Agreement by the Purchaser.

#### **4.22 Litigation**

Except as disclosed in the Vendors' Disclosure Letter, there is no Claim, arbitration or legal, administrative or other proceeding or investigation by any Governmental Authority, including appeals and applications for review pending or, to the best of the Vendors' knowledge, threatened against any of the Acquired Companies or relating to the Business. There are no facts known to the Vendors or the Company which are likely to give rise to any such Claims. Except as disclosed in the Vendors' Disclosure Letter, there is not now, and within the past five years there has not been, outstanding against any of the Acquired Companies any judgment, execution, order, injunction, decree or rule of any court, administrative agency, Governmental Authority or arbitrator which affects in any way any of the Acquired Companies or the Business. No Acquired Company is the plaintiff, complainant, defendant or intervener in any action, suit, proceeding, grievance, arbitration or alternative dispute resolution proceeding.

#### **4.23 Brokers**

No agent, broker, Person or firm acting on behalf of the Vendors is, or will be, entitled to any commission or brokers' or finders' fees from the Vendors or from any Affiliate of the Vendors, in connection with any of the transactions contemplated by this Agreement.

### **ARTICLE V REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

The Purchaser delivered to the Vendor's Representative the Purchaser's Disclosure Letter to be delivered pursuant to this Agreement, which is deemed to constitute an integral part of this Agreement and to modify the representations and warranties of the Purchaser contained in this

Article V. For greater clarity, all disclosures in the Purchaser's Disclosure Letter will modify each of the representations and warranties of the Purchaser's contained in this Article V provided that the relevance of such particular disclosure is readily apparent in respect of the applicable representation or warranty. The Purchaser makes the following representations and warranties and acknowledges that the Vendors are relying on such representations and warranties in entering into this Agreement and in selling the Purchased Shares to the Purchaser:

### **5.1 Corporate Organization**

The Purchaser is a corporation duly incorporated, validly existing, organized and in good standing under the laws of the Province of British Columbia and has not been dissolved. The Purchaser has all requisite corporate power, authority and capacity to own, lease and operate its property and assets, to carry on its business as presently conducted, to purchase the Purchased Shares and otherwise perform its obligations pursuant to this Agreement.

### **5.2 Authorization**

- (a) The Purchaser has the capacity, authority and power to execute, deliver and perform this Agreement and all of the agreements contemplated hereby to which it is a party and to consummate the transactions contemplated hereby and thereby. This Agreement and all of the agreements contemplated hereby to which the Purchaser is a party have been duly and validly authorized, executed and delivered by the Purchaser, and each such agreement constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms, except (a) as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and similar Laws affecting creditors' rights generally, and (ii) as such enforceability may be limited by general principles of equity, regardless of whether asserted in a proceeding in equity or law.
- (b) The Consideration Shares to be issued by the Purchaser to the Vendors pursuant to this Agreement have been duly authorized and at the Closing Time will be duly issued as fully-paid and non-assessable shares, free and clear of any Encumbrances, other than restrictions contained in its constating documents and pursuant to applicable securities Laws, and good and marketable title to the Consideration Shares shall vest in such Vendors upon Closing.

### **5.3 Capitalization**

The authorized and issued share capital of the Purchaser consists of an unlimited number of common shares without par value ("**GDFSI Shares**") of which, as of the date hereof, 74,374,005 GDFSI Shares are duly and validly issued and are outstanding as fully paid and non-assessable. Other than as disclosed in Schedule 5.3 or as contemplated by this Agreement, the Purchaser does not have any (a) issued or outstanding (i) shares in its capital, or (ii) securities convertible into, or exchangeable or exercisable for, any options, warrants, calls, puts, subscriptions or other rights, (b) agreements or Contractual Obligations relating to any of the issued and outstanding shares in its capital or obligating it to issue or sell any of the shares in its capital or any such securities, options, warrants, calls, puts, subscriptions or other rights, (c) Encumbrances relating to any of the shares in its capital, (d) rights or Contractual Obligations to give funds to or make any investment

in any other Person, or (e) rights or Contractual Obligations that give any Person other than the Vendors any right to reserve or exercise any benefits or rights similar to any rights enjoyed or accruing to the holder of the shares in its capital, including, without limitation, any right to participate in its equity or income or to participate in or direct the election of any of its board of directors or officers or the manner in which any shares in its capital may be listed or in which the Business is conducted.

#### **5.4 Securities Laws Matters**

The Purchaser is a reporting issuer, or equivalent thereof, under the Securities Laws of each of the Reporting Jurisdictions. The GDFSI Shares are, and at the Closing Time, will be listed on the TSXV. The Purchaser is not currently in default of any requirement of the Securities Laws of the Reporting Jurisdictions and the Purchaser is not included on a list of defaulting reporting issuers maintained by any of the securities commissions or similar regulatory authorities in any of the Reporting Jurisdictions. In particular, without limiting the generality of the foregoing, the Purchaser is in compliance at the date hereof with its obligations to make timely disclosure of all material changes relating to it and no such disclosure has been made on a confidential basis and there is no material change relating to the Purchaser which has occurred and with respect to which the requisite material change report has not been filed. The Purchaser is not in default of any of the material listing requirements of the TSXV. No Securities Commission has issued any order having the effect of suspending or ceasing the trading of the GDFSI Shares.

#### **5.5 Consents and Approvals; No Violations**

Neither the execution and delivery of this Agreement or any other agreement or document to which the Purchaser is or will become a party as contemplated by this Agreement, the consummation of the transactions contemplated herein or therein nor compliance by the Purchaser with any provisions hereof or thereof will (a) conflict with or result (with or without notice, lapse of time or both) in a breach of any of the terms, conditions or provisions of the articles, by-laws or other constating documents of the Purchaser, (b) conflict with or result in a breach or a default under any of the provisions of any note, bond, lease, mortgage, indenture, licence, franchise, permit, agreement, Contract or other instrument or obligation to which the Purchaser is a party, or by which the Purchaser is bound or affected, except for such conflict, breach or default which would not have or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Purchaser or its business or any of its assets, or (c) violate any Laws applicable to the Purchaser or any of its properties or assets. Except for the TSXV Acceptance, no consent or approval by, or any notification or filing with, any Governmental Authority or any other Person is required in connection with the execution, delivery or performance by the Purchaser of this Agreement or any other agreement or document to which the Purchaser is or will be a party. There is no Claim commenced or in progress or, to the knowledge of the Purchaser, pending or threatened against or relating to the Purchaser or any of its property or assets that might otherwise impair the consummation, or the benefits to the Vendors, of the transactions contemplated by this Agreement or in any other agreement or document to which the Purchaser is or will be a party.

#### **5.6 Litigation**

There are no Claims, arbitration or legal, administrative or other proceedings or investigations by any Governmental Authority, including appeals and applications for review pending or, to the best

of the Purchaser's knowledge, threatened against the Purchaser which, if determined adversely to the Purchaser, would (a) prevent the Purchaser from paying the Purchase Price to the Vendors, (b) enjoin, restrict or prohibit the transfer of all or any part of the Purchased Shares as contemplated by this Agreement, or (c) delay, restrict or prevent the Purchaser from fulfilling any of its obligations set out in this Agreement or arising from this Agreement.

## **5.7 Brokers**

No agent, broker, person or firm acting on behalf of the Purchaser is, or will be, entitled to any commission or brokers' or finders' fees from the Purchaser or from any Affiliate of the Purchaser, in connection with any of the transactions contemplated by this Agreement.

## **5.8 Disclosure Record**

All information contained in the Disclosure Record is, as of the date of such information, true and correct in all material respects, and no fact or facts have been omitted therefrom which would make such information materially misleading. The Purchaser has not filed any confidential material change reports with any Securities Commission that at the date of this Agreement remains confidential. No cease trade order with respect to any of the securities of the Purchaser, and to the knowledge of the Purchaser, no inquiry or investigation (formal or informal) of any Securities Commission is in effect or ongoing, or to the knowledge of the Purchaser, expected to be implemented or undertaken.

## **5.9 Subsidiaries**

The Purchaser does not have any subsidiaries or own any shares or equity or other interest in any corporation, limited liability company, partnership, limited liability partnership, joint venture or entity or other Person except as disclosed in the Purchaser's Disclosure Letter (collectively, the "**Purchaser's Subsidiaries**"). Except as disclosed in the Purchaser's Disclosure Letter, the Purchaser is not a member of or participant in any partnership, joint venture or similar Person.

## **5.10 Books and Records; Bank Accounts**

- (a) All of the Purchaser's Books and Records have been delivered or made available to the Vendors or Vendor's Representatives. The Purchaser's Books and Records are duly maintained in accordance with all applicable Laws and contain full and accurate records of all matters required to be dealt with in such records. All material financial transactions relating to the Purchaser and the Purchaser's Business have been accurately recorded in the Purchaser's Books and Records in accordance with IFRS. The minute books of the Purchaser include complete and accurate minutes of all meetings of the directors and shareholders of the Purchaser held to date and resolutions passed by the directors and shareholders on consent since the date of incorporation. The register of directors of the Purchaser is complete and accurate.

## **5.11 Financial Statements; Certain Financial Information**

- (a) Copies of the Purchaser's Financial Statements are available on *System for Electronic Document Analysis and Retrieval (SEDAR)* pursuant to National Instrument 13-101) adopted by the Canadian Securities Administrators

("SEDAR"). Each balance sheet included in the Purchaser's Financial Statements is true, complete and correct and presents fairly the financial condition of the Purchaser as of the respective date of such balance sheet and each of the statements of operations and retained earnings and cash flows included in the Purchaser's Financial Statements is true, complete and correct and presents fairly the results of operations and cash flows of the Purchaser for the periods set forth therein, in each case in accordance with IFRS consistently applied, except as otherwise noted therein, and in each case were compiled from the Books and Records regularly maintained by management and used to prepare financial statements of the Purchaser in accordance with the principles stated therein. The Purchaser has maintained its Books and Records in a manner sufficient to permit the preparation of the Purchaser's Financial Statements in accordance with IFRS, consistently applied. Such Books and Records fairly reflect the income, expenses, assets and liabilities of the Purchaser and provide a fair and accurate basis for the preparation of the Purchaser's Financial Statements.

- (b) There were no liabilities or obligations (including those that are absolute, accrued, contingent, liquidated, unliquidated or unasserted, and whether due or to become due) of the Purchaser which are not shown or provided for on the balance sheets of the Purchaser or in the notes included in the Purchaser's Financial Statements to which such liabilities or obligations relate. All reserves established by the Purchaser's are reflected on the Purchaser's Financial Statements and are adequate and stated in accordance with IFRS and there are no loss contingencies that are required to be accrued pursuant to IFRS which are not provided for on such balance sheets. The Purchaser's Disclosure Letter sets forth the Purchaser's best good faith estimates as of the date hereof of the cost to the Purchaser for vacation, sick leave and similar paid leave of its Employees.
- (c) The Purchaser has devised and maintained a system of internal control over financial reporting sufficient to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements in accordance with IFRS.

#### **5.12 Absence of Undisclosed Liabilities**

Except as disclosed in the Purchaser's Disclosure Letter, the Purchaser does not have, nor as a result of the transactions contemplated by this Agreement will not have, any Indebtedness, Claim, liability, obligation or Contractual Obligation of any nature (whether known or unknown, absolute, accrued, fixed, contingent, liquidated, unliquidated, unasserted or otherwise and whether due or to become due), except for the liabilities and obligations (a) reflected on the Purchaser's Financial Statement, (b) incurred in the ordinary course of business consistent with past practice since June 30, 2019, and (c) pertaining to Taxes not yet due and owing.

#### **5.13 Accounts Payable and Accounts Receivable**

The Purchaser's Disclosure Letter contains a true and complete aged list of all Accounts Payable and a true and complete aged list of all Accounts Receivable, in each case as of August 31, 2019. The Accounts Receivable shown on the Purchaser's Financial Statement (subject to reserves for

non-collectability as reflected therein) and all receivables acquired or generated by the Purchaser's since June 30, 2019 are *bona fide* receivables and represent amounts due with respect to actual arm's length transactions entered into in the ordinary course of business consistent with past practice and are collectable at their recorded amounts. Any reserves for non-collectability have been reflected on the Interim Balance Sheets in accordance with IFRS and are adequate. No such receivable has been assigned or pledged to any other Person and no defence of set-off or similar right to any such receivable has been asserted by the account obligor. There has been no Material Adverse Change since the date of the Purchaser's Financial Statements in the amount of Accounts Receivable or other debts due to the Purchaser or the allowances with respect thereto, or Accounts Payable of the Purchaser, from that reflected in the Purchaser's Financial Statements.

#### **5.14 Suppliers and Customers**

The Purchaser's Disclosure Letter sets out each supplier and customer accounting for more than 10% of the consolidated purchases and sales, as the case may be, of the Purchaser's Business for each of (a) the last three complete fiscal years, and (b) the year to date, and the amounts of such purchases and sales. The relationship of the Purchaser with each such supplier and customer are good commercial working relationships, and except as set out in the Purchaser's Disclosure Letter no such supplier or customer has cancelled or otherwise terminated, or, to the knowledge of the Purchaser's, threatened to cancel or otherwise terminate, its relationship with the Purchaser. The Purchaser has not received any notice that any such supplier or customer may cancel or otherwise materially and adversely modify its relationship with the Purchaser or limit its services, supplies or materials to the Purchaser, or its usage or purchase of the services and products of any of the Purchaser either as a result of the transactions contemplated hereby or otherwise. Except to the extent that such Contract is available on SEDAR, the Purchaser has delivered to the Vendor's Representative copies of all Contracts with the customers and suppliers listed in the Purchaser's Disclosure Letter. Except as reflected in such Contracts, no customers of any Purchaser is entitled to or customarily receive discounts, allowances, volume rebate or similar reductions in price or other trade terms arising from any agreements or understandings (whether written or oral) with or concessions granted to any customer.

#### **5.15 Absence of Certain Changes or Events**

Except as set out in the Purchaser's Disclosure Letter, since June 30, 2019 there has not been any Material Adverse Change in the condition of the Purchaser and no such Material Adverse Change is pending or, to the knowledge of the Purchaser, threatened. Without limiting the generality of the foregoing, except as disclosed in the Purchaser's Disclosure Letter or as otherwise contemplated by this Agreement, the Purchaser has not:

- (a) made any material change in the operations or in the manner of conducting the Business;
- (b) suffered any event, violation or other matter that could reasonably be expected to have a Material Adverse Effect on the Purchaser or the Business, or suffered any material casualty loss (whether insured or not) or condemnation or other taking adversely affecting the Purchaser;

- (c) entered into any employment Contract or commitment (whether oral or written) or compensation arrangement or employee benefit plan, or changed or committed to change (including any change pursuant to any bonus, Plan, profit-sharing or other plan, commitment, policy or arrangement) the compensation payable or to become payable to any of its officers, directors, employees, agents or consultants, or made any pension, retirement, profit-sharing, bonus or other employee welfare or benefit payment or contribution;
- (d) declared, paid or made, or set aside for payment or making, any dividend or other distribution in respect of its common shares or other capital or securities, or directly or indirectly redeemed, repurchased or otherwise acquired any of its common shares or other capital or securities or subdivided or in any way reclassified or changed any of the terms or provisions of its common shares or other capital or securities;
- (e) made or proposed any change in the accounting or Tax principles, practices or methods of the Purchaser, including its practices or terms relating to Accounts Payable or Accounts Receivable or made or proposed any change in any policy or practice relating to pricing, investments, credit, inventory, bad debt, contingency or other reserves, except for such changes which are required by IFRS or any Laws;
- (f) incurred any liability except for current liabilities not constituting Indebtedness that are (i) reflected on the Purchaser's Financial Statements, or (ii) incurred after June 30, 2019 in the ordinary course of business consistent with past practice;
- (g) cancelled or waived any rights with respect to any material debts or other obligations owed to or Claims held by the Purchaser (including the settlement of any Claims, litigation or other proceeding);
- (h) accelerated or delayed collection of Accounts Receivable generated by the Purchaser's Business in advance of or beyond their regular due dates when the same otherwise would have been collected;
- (i) terminated or amended or suffered the termination or amendment of any Contract pursuant to which the Purchaser would receive in respect of the Purchaser's Business from any Person or pay to any Person more than \$25,000 in any calendar year or disposed of or permitted to lapse any Intellectual Property used by the Purchaser;
- (j) made any capital expenditures or commitments for additions to property, plant or equipment constituting capital assets of the Purchaser except as reflected on the Financial Statements;
- (k) sold, transferred or leased any property or assets of the Purchaser;
- (l) entered into any transaction involving, or suffered any development affecting, the Purchaser, except in the ordinary course of business consistent with past practice;  
or

- (m) agreed, whether in writing or otherwise, to take any action described in this Section 5.15 or any action which, if taken after the date of this Agreement without the Purchaser's consent, would constitute a breach of Section 6.1.

## **5.16 Real Property**

- (a) The Purchaser does not own any Real Property. The Purchaser's Disclosure Letter sets out the municipal address of all of the Leased Premises. The Purchaser does not have any other place of business other than the Leased Premises.
- (b) The Purchaser has the exclusive right to possess, use and occupy, and has good and marketable legal and beneficial leasehold title in and to, all of the Leased Premises, free and clear of all Encumbrances except Permitted Encumbrances.
- (c) The Purchaser does not have any obligation or liability in respect of real property that was leased in connection with the Purchaser's Business which is no longer occupied or which was disposed of prior to the date hereof or otherwise surrendered.
- (d) The Purchaser has delivered to the Vendor's Representative true, correct and complete copies of the Real Property Leases, including all amendments, modifications, assignments, consents, notices, renewals and supplements thereto or otherwise in respect thereof. There exists no default, or any event which upon the giving of notice or the passage of time or both, would give rise to any default in the performance of the Purchaser or, to the knowledge of the Purchaser, the lessor thereunder, of any obligation under any of the Real Property Leases.
- (e) The Purchaser has granted to any Person any right of first refusal, right of first opportunity, option or similar rights to sub-lease the Leased Premises or to otherwise acquire the Purchaser's rights in and to the Real Property Leases or the Leased Premises or any interest therein or any part thereof. The Purchaser has not sublet any portion of the Leased Premises to any Person.

## **5.17 Title to Assets**

Except as set out in the Purchaser's Disclosure Letter, the Purchaser is the sole legal and beneficial owner and (where its interests are registrable) the sole registered owner of all of its assets and interests in assets, real and personal, as shown on the Purchaser's Financial Statements, or acquired by the Purchaser since June 30, 2019, with good and valid title, free and clear of all Encumbrances except Permitted Encumbrances. Other than pursuant to this Agreement, no Person has any agreement, option, understanding, commitment or right, or any right or privilege capable of becoming a right, to purchase any assets from the Purchaser. Subject to Permitted Encumbrances identified in the Purchaser's Disclosure Letter, the Purchaser has good, valid and marketable title to all assets currently used in operating the Purchaser's Business, its assets and interests in assets, real and personal, shown on the Financial Statements or acquired by the Purchaser since June 30, 2019, with good and valid title, free and clear of all Encumbrances except Permitted Encumbrances. There is no basis upon which any of the assets of the Purchaser might become subject to any Encumbrances. The Purchaser possesses its assets. All of the tangible personal

property used in the Purchaser's Business is in good operating condition and repair, ordinary wear and tear excepted, and is adequate and suitable for the purposes for which it is presently being used. All items of personal property owned by the Purchaser or relating to the Purchaser's Business with an original cost or book value exceeding \$25,000 are listed in the Purchaser's Disclosure Letter.

### **5.18 Contracts**

The Purchaser's Disclosure Letter contains a complete and accurate list of all material Contracts to which the Purchaser is a party that involves the receipt of payments or expenditure of cost or incurrance of liability by the Purchaser of \$100,000 or more in any 12-month period. Each of the Contracts described in the Purchaser's Disclosure Letter (or required to be described in the Purchaser's Disclosure Letter) constitutes a valid and binding obligation of the parties thereto, enforceable in accordance with its terms. None of the parties to any of the Contracts is in breach of its obligations thereunder and no act or event has occurred which, with notice or lapse of time or both, would constitute a breach of any of the Contracts. Each of the Contracts is in full force and effect and constitutes a legal, valid and binding obligation of the Company and the other parties thereto, enforceable in accordance with its terms, and the Purchaser is entitled to all of the benefits, rights and privileges under each such Contract. Neither the Purchaser nor their counsel has received notice that any customer, supplier or other Person has breached, intends to breach or intends to discontinue any Contract to which the Purchaser is a party.

### **5.19 Intellectual Property**

The Purchaser's Disclosure Letter sets out a full, complete and accurate list of all Intellectual Property and identifies the Intellectual Property owned by the Purchaser and the Intellectual Property licensed by a Purchaser from third parties, other than the Software and normal and routine off-the-shelf software licence agreements. Such Intellectual Property is the only intellectual property necessary for and material to the operation of the Purchaser's Business. All of the Intellectual Property is valid, subsisting and enforceable. Except to the extent set out in the Purchaser's Disclosure Letter:

- (a) The Purchaser owns, directly and exclusively, all right, title and interest in and to all Intellectual Property owned by it as identified in the Purchaser's Disclosure Letter, with a good and marketable title, free and clear of all liens, Encumbrances or any other rights of others. Any third party who has any moral rights or similar rights in or to such Intellectual Property has irrevocably waived such rights in favour of the Purchaser. The Purchaser holds valid licences for all of the Intellectual Property owned by third parties.
- (b) The Purchaser has not, during the past two years, except in the ordinary course of business in connection with the distribution of its products and licences to end users:
  - (i) transferred, conveyed, sold, assigned, pledged, mortgaged or granted a security interest in any Intellectual Property owned by the Purchaser to any third party;

- (ii) entered into any licence, franchise or other agreement with respect to any Intellectual Property owned by the Purchaser with any third person; or
  - (iii) otherwise encumbered any of the Intellectual Property owned by the Purchaser.
- (c) The Purchaser has taken all steps reasonably necessary to validly maintain, and has not taken any steps that could constitute abandonment of, the Intellectual Property, including paying all necessary fees and filing all appropriate affidavits and renewals with the appropriate Governmental Authorities.
- (d) All of the Intellectual Property owned by the Purchaser was created by employees in the course of their employment or by contractors who have transferred and assigned all of their rights in and to such Intellectual Property to the Purchaser pursuant to written assignment agreements and have waived their moral rights and rights of a similar nature in and to such Intellectual Property.
- (e) To the knowledge of the Purchaser, the Intellectual Property owned by the Purchaser and currently used to conduct the Business does not conflict with, misappropriate or infringe upon or otherwise violate any intellectual property rights of any third party. There are no unresolved, pending or, to the knowledge of the Purchaser, threatened Claims that allege that the Purchaser has infringed or misappropriated the intellectual property rights of any third party.
- (f) There are no unresolved, pending or, to the knowledge of the Purchaser, threatened Claims that challenge or otherwise question the validity, title or ownership of any Intellectual Property, or the right to use any Intellectual Property, that the Purchaser owns and/or currently uses to conduct the Purchaser's Business.
- (g) To the knowledge of the Purchaser, there is no, and there has not been any, conflict, unauthorized use, infringement or misappropriation of any of the Intellectual Property owned, used or licensed by or to the Purchaser or any breach at any time of any duty or obligation owed to the Purchaser in respect of any of the Intellectual Property.
- (h) The Purchaser has taken reasonable commercial measures to maintain the secrecy of the Intellectual Property that is considered to be trade secrets or confidential information.
- (i) Each Employee and contractor to the Purchaser has signed a confidentiality and non-disclosure agreement and, except as disclosed in the Purchaser's Disclosure Letter, to the knowledge of the Purchaser there have not been any breaches of such confidentiality and non-disclosure agreements. To the knowledge of the Purchaser, the Purchaser's employment of any of its employees or the retainer of any consultant does not violate any non-disclosure or non-competition agreement between any employee or consultant and a third party.

- (j) The Purchaser is a party to any agreement, contract or judicial order that in any way limits or restricts any Intellectual Property that the Purchaser owns and/or currently uses to conduct the Purchaser's Business, other than normal and routine off-the-shelf software licence agreements.

## 5.20 Software

The Purchaser's Disclosure Letter sets forth a full, complete and accurate list of all of the Software and all components thereof, including all components owned by the Purchaser and all components licensed by the Purchaser from third parties. Except to the extent set out in the Purchaser's Disclosure Letter:

- (a) Other than the Software owned by third parties, the Software does not contain, embody, use or require any third-party software, including development tools and utilities, and the Software constitutes all materials necessary for the continued maintenance, modification, development and enhancement of the Software.
- (b) Copies of all licence and maintenance agreements for the Software owned by third parties have been made available to the Vendor's Representative. No person has been provided a copy of the Software except pursuant to a valid licence.
- (c) All copies of the source code and related documentation for all Software are securely located at the premises of the Purchaser. No source code or related documentation forming part of the Software is subject to escrow. The source code or related documentation has not been disclosed to any third party. None of the Software is subject to an open source code licence or to any licence requiring the present or future public disclosure of its source code.
- (d) The Purchaser has obtained all applicable approvals from all Governmental Authorities in all jurisdictions where the Software is licensed.
- (e) The Purchaser's Disclosure Letter lists all licences, all installation, implementation, maintenance or support agreements, all development contracts and all other agreements between the Purchaser and users of the Software, copies of each of which have been made available to the Vendors' Representatives. All such users have non-transferable, non-exclusive licences to use only object code versions of the Software.
- (f) To the knowledge of the Purchaser, there are no problems or defects in the Software including bugs, logic errors or failures of the Software to operate as described in the related documentation and, to the knowledge of the Purchaser, the Software operates in accordance with its documentation and specifications and has no other material problems or defects.
- (g) The Software does not contain any undocumented code, disabling mechanism or protection feature intentionally designed to prevent its use, including any clock, timer, counter, computer virus, worm, software lock, drop dead device, Trojan-horse routine, trap door, time bomb or any other codes or instructions that may be

used to access, modify, replicate, distort, delete, damage or disable Software or data, other software, operating systems, computers or equipment with which the Software interacts.

- (h) The Purchaser's Disclosure Letter accurately describes the current state of the Software, together with all current development plans for the Software, including design problems, remedial plans, requests for new features from customers and enhancement plans.
- (i) The Purchaser has not orally or in writing committed to provide selective special enhancements to any of its Software for any licencees.
- (j) There are no, and there have never been, any distributors, sales agents, representatives or any other Persons, including VARs, OEMs or resellers, who have or had rights to market or license the Software. No person has any exclusive rights in respect of the Software.

## **5.21 Equipment**

The Purchaser's Disclosure Letter contains a complete and accurate list of all of the Equipment owned, leased or used by the Purchaser in connection with the Purchaser's Business. All of such Equipment have undergone any scheduled maintenance in accordance with manufacturer's recommendations and are in good condition, repair and (where applicable) proper working order, having regard to their age and reasonable wear and tear. The Equipment are situate at the locations set forth in the Purchaser's Disclosure Letter.

## **5.22 Insurance**

The Purchaser's Disclosure Letter contains a complete and accurate list of all primary, excess and umbrella policies, bonds and other forms of insurance currently owned or held by or on behalf of, or providing insurance coverage to the Purchaser and any assets relating thereto, including the following information for each such policy: name of insurer; effective and expiration date; policy number; per occurrence and annual aggregate deductibles or self-insured retention; annual premium and any other fees for the procurement of such insurance; and per occurrence and annual aggregate limits of liability to the extent, if any, to which the limits of liability have been exhausted. The Purchaser has its assets and the Purchaser's Business insured against loss or damage by all insurable hazards or risks on a replacement cost basis and such insurance coverage will be continued in full force and effect (with all premiums paid) up to and including the Closing Date. The Purchaser is not in default with respect to any of the provisions contained in any such insurance policy and has not failed to give any notice or present any Claim under any such insurance policy in a due and timely fashion. Nothing has been done or omitted to be done by the Purchaser which could make any policy of insurance described in the Purchaser's Disclosure Letter void or voidable. The Purchaser's Disclosure Letter includes a list setting forth any and all claims, with reasonable particulars, made under any policies of insurance maintained by or for the benefit of the Purchaser over the past five years prior to the date of this Agreement.

## 5.23 Taxes

- (a) The Purchaser has duly filed on a timely basis with the appropriate Governmental Authority all Tax Returns required to be filed on or before the Closing. All such Tax Returns are true, correct and complete in all material respects.
- (b) The Purchaser has duly and timely paid all Taxes, including all instalments on account of Taxes for the current year, that are due and payable by it whether or not assessed by the appropriate Governmental Authority. Provision has been made on the Financial Statements of the Purchaser for amounts at least equal to the amount of all Taxes owing by the Purchaser that were not yet due and payable by the date of the applicable Financial Statements and that relate to periods ending on or prior to the date of the applicable Financial Statement.
- (c) The Purchaser has made available to the Vendor's Representative complete and correct copies of all Tax Returns that have been filed as of the date hereof (except Tax Returns for periods in respect of which the applicable statutory period of limitations has expired) and copies of all its correspondence with taxing authorities.
- (d) There are no proceedings, investigations, audits or claims now pending or, to the knowledge of the Purchaser, threatened against the Purchaser in respect of any Taxes and, to the knowledge of the Purchaser, there are no matters under discussion, audit or appeal with any Governmental Authority relating to Taxes.
- (e) The Purchaser has not requested or entered into any agreement or other arrangement or executed any waiver providing for any extension of time within which (i) to file any Tax Return in respect of any Taxes for which the Purchaser is or may be liable; (ii) to file any elections, designations or similar filings relating to Taxes for which the Purchaser is or may be liable; (iii) the Purchaser is required to pay or remit any Taxes or amounts on account of Taxes; or (iv) any Governmental Authority may assess or collect Taxes for which the Purchaser is or may be liable.
- (f) Notices of assessment have been issued to the Purchaser for all of their respective taxation periods ending on or before December 31, 2018.
- (g) The Purchaser has duly and on a timely basis withheld from any amount paid or credited by it to or for the account or benefit of any Person, including any Employees, officers or directors and any non-resident person, the amount of all Taxes and other deductions required by any Law to be withheld from any such amount and has duly and on a timely basis remitted the same to the appropriate Governmental Authority.
- (h) The Purchaser has not, directly or indirectly, transferred property to or supplied services to, or acquired property or services from, any Person with whom it was not dealing at arm's length (for the purposes of the Tax Act) for consideration that is less than the fair market value of the property or services at the time of the transfer, supply or acquisition of such property or services.

- (i) For all transactions between the Purchaser and any non-resident Person with whom the Purchaser was not dealing at arm's length during a taxation year commencing after 1998 and ending on or before the Closing Date, the Purchaser has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act.
- (j) There are no circumstances which exist and would result in, or which have existed and resulted in, the application of any of sections 78, 80, 80.01, 80.02, 80.03 or 80.04 of the Tax Act, or any equivalent provision of the taxation legislation of any province or any other jurisdiction, to any of the Purchaser at any time up to and including the Closing Date in respect of any transaction entered into.
- (k) There are no Encumbrances for Taxes on the assets of the Purchaser.
- (l) The Purchaser is not a party to, bound by or obligated under any tax sharing agreement, tax indemnification agreement or similar contract or arrangement.
- (m) The Purchaser has not made an "excessive eligible dividend designation" as defined in subsection 89(1) of the Tax Act.
- (n) The Purchaser is a registrant for the purposes of the GST Legislation having the registration number as disclosed in the Purchaser's Disclosure Letter. Each of the Canadian Subsidiaries is a registrant for the purposes of the GST Legislation having the registration number set out in the Purchaser's Disclosure Letter.
- (o) No claim has ever been made by any Governmental Authority in a jurisdiction in which the Purchaser does not file Tax Returns that it is or may be subject to taxation in that jurisdiction. Except as disclosed in the Purchaser's Disclosure Letter, the Purchaser is not required to file any Tax Returns in any jurisdiction outside Canada.
- (p) The Purchaser is a "taxable Canadian corporation" as defined for purposes of the Tax Act.

## **5.24 Employment Matters**

- (a) The Purchaser's Disclosure Letter contains a complete and accurate list of all Employees, their respective positions, dates of hire with the Purchaser or any predecessors of the Purchaser, current salaries, benefits and other remunerations and dates of last salary increases and indicates which Employees are parties to a written or oral agreement with the Purchaser (including confidentiality and non-competition agreements). Except as disclosed in the Purchaser's Disclosure Letter, the Purchaser is not a party to any agreements with past or present employees, agents or independent contractors in connection with the Purchaser's Business. All written employment contracts with Employees are described in the Purchaser's Disclosure Letter and full and complete copies of such employment contracts have been provided to the Vendor's Representative. Except as disclosed in the Purchaser's Disclosure Letter, there are no written contracts of employment entered

into with any Employees or any oral contracts of employment which are not terminable on the giving of reasonable notice in accordance with applicable Laws.

- (b) The Purchaser will not have terminated, laid-off or dismissed (whether such dismissal is actual or constructive) in the four weeks preceding the Closing Date any Employees.
- (c) All liabilities in respect of Employees have or shall have been paid to the Closing Date, including premium contributions, remittance and assessments for unemployment insurance, employer health tax, Canada Pension Plan, income tax, workers' compensation and any other employment related legislation, accrued wages, Taxes, salaries, commissions and employee benefit plan payments. There are no outstanding, pending, threatened or anticipated assessments, actions, causes of action, Claims, complaints, demands, orders, prosecutions or suits against the Purchaser, their respective directors, officers or agents pursuant to or under any applicable Laws, including, but not limited to Canada Pension Plan, unemployment insurance, income tax, employer health tax, employment standards, labour relations, occupational health and safety, human rights, workers' compensation and pay equity. The Purchaser does not have any obligation to re-instate any Employees.
- (d) The Purchaser had not made any agreements, whether directly or indirectly, with any labour union, employee association or other similar entity or made commitments to or conducted negotiations with any labour union or employee association or other similar entity with respect to any future agreements. No trade union, employee association or other similar entity has any bargaining rights acquired by either certification or voluntary recognition with respect to the Employees. None of the Vendors or the Company is aware of any current attempts to organize or establish any labour union, employee association or other similar entity affecting the Purchaser or the Purchaser's Business. There are no outstanding labour tribunal proceedings of any kind, including any proceedings which could result in certification of a trade union as bargaining agent for the Employees, and there have not been any such proceedings within the last two years. There are no threatened or apparent union organizing activities involving the Employees. To the knowledge of the Purchaser, the Purchase does not have any labour problems that might affect the value of the Purchaser's Business or lead to any interruption of the Purchaser's operations at any location.
- (e) All vacation pay, bonuses, commissions and other emoluments relating to the Purchaser and the Employees are accurately reflected in all respects and have been accrued in the Books and Records of the Purchaser.

## **5.25 Benefit Matters**

- (a) The Purchaser's Disclosure Letter contains a complete and accurate list of all Plans. No Plan has been terminated or partially terminated and all Plans are still in full force and effect. All Plan Documents have been delivered to the Vendor's Representative and are true, correct, complete and, where applicable, up-to-date.

- (b) All Plans are registered where required by the applicable Laws and no events have occurred which would affect the registered status of such Plans.
- (c) All Plans are in good standing under applicable Laws and the Purchaser has made all filings required by the Governmental Authorities and applicable Laws. The Plans and all investments held by such Plans comply in all respects with all applicable Laws and the Plan Documents and the Plans and have been established, funded, invested, amended, maintained and administered in compliance with all of the terms and conditions of the Plans and all applicable Laws.
- (d) All required contributions or premiums to be paid under the Plans have been fully paid to the date hereof in a timely fashion in accordance with applicable Laws and the Plan Documents and there are no liabilities, contingent or otherwise, in respect of any pension, benefit or compensation plan that has been discontinued.
- (e) There are no outstanding liabilities under the Tax Act or other Tax liabilities with respect to the Plans.
- (f) No improvements to the Plans have been promised and no improvements will be made or promised prior to Closing except as may be required by applicable Laws and the Plan Documents and any such promises of benefit improvements shall be communicated to the Purchaser in writing prior to Closing.
- (g) None of the Plans require or permit a retroactive increase in premiums or payments, or require additional payments or premiums on the termination of any Plan or insurance contract in respect thereof, and the level of insurance reserves, if any, under any insured Plan is reasonable and sufficient to provide for all incurred but unreported claims.
- (h) None of the execution and delivery of this Agreement, the performance of any of the Purchaser's obligations under this Agreement or the consummation of any of the transactions contemplated in this Agreement will:
  - (i) result in any payment (including bonus, golden parachute, retirement, severance, unemployment compensation, or other benefit or enhanced benefit) becoming payable under any Plan;
  - (ii) increase any benefits otherwise payable under any Plan;
  - (iii) entitle any Employee of the Purchaser to any job security or similar benefit or any enhanced benefits; or
  - (iv) result in the acceleration of the time of payment or vesting of any benefits otherwise payable under any Plan, or result in any such plan becoming terminable other than at the sole and unfettered discretion of the Purchaser.
- (i) None of the Plans provide benefits beyond retirement or other termination of service to employees or former employees or to the beneficiaries or dependants of such employees.

- (j) There are no outstanding actions or Claims with respect to the Plans, other than claims for benefits submitted by members or beneficiaries in the ordinary course, there are no requests for documents and there is no litigation, legal action, suit, investigation, Claim, counterclaim or proceeding pending or threatened against or affecting any Plan which could have a Material Adverse Effect on the Purchaser or on any Plan maintained by the Purchaser as of the Closing Date.
- (k) No condition exists that would prevent the Purchaser from amending or terminating any Plan other than any limitations imposed by applicable Law.

## **5.26 Compliance with Laws; Governmental Authorizations**

- (a) The Purchaser has conducted the Purchaser's Business in compliance with all applicable Laws in each jurisdiction in which the Purchaser's Business is carried on except where the failure to so comply would not and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Purchaser. The Purchaser has not received any notice that any violation of any Law is being or may be alleged.
- (b) The Purchaser is duly licensed, registered or qualified and duly possesses all Governmental Authorizations required or necessary to carry on the Purchaser's Business as now conducted in compliance with all applicable Laws other than those the failure of which to obtain, possess or make would not have or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Purchaser, and all such Governmental Authorizations are described in the Purchaser's Disclosure Letter. All of the Governmental Authorizations described in the Purchaser's Disclosure Letter are valid and subsisting and in good standing and no event has occurred or condition or state of facts exists which constitutes or, after the giving of notice or the passage of time or both, would constitute a breach or default under any of the Governmental Authorizations, or which permits or, after the giving of notice or the passage of time or both, would permit revocation, termination or modification of any of the Governmental Authorizations except for such violations that would not have or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Purchaser.
- (c) There are no limitations or restrictions on carrying on the Purchaser's Business on the lands and premises from which it is now carried on. No proceeding to modify, suspend, revoke, withdraw, terminate or otherwise limit any such Governmental Authorization is pending or threatened and the Purchaser does not know of any valid basis for such proceeding, including the transactions contemplated hereby. No administrative or other action or proceeding has been taken or threatened by any Governmental Authority in connection with the expiration, continuance or renewal of any of the Governmental Authorizations applicable to the Purchaser and the Purchaser does not know of any valid basis for any such proceeding.
- (d) The Purchaser does not and none of its directors, officers, employees, agents or representatives has (i) used any funds for unlawful contributions, gifts,

entertainment or other unlawful expenses relating to political activity, (ii) directly or indirectly, paid any fee, commission or other sum of money or item of property, however characterized, to any finder, agent, or other Person acting on behalf of or under the auspices of a government official or Governmental Authority, in Canada or any other country, in any manner related to the Purchaser or the Purchaser's Business, that was illegal under any Laws of Canada or any other country having jurisdiction, or (iii) made any payment to any customer or supplier of any of the Purchaser or the Purchaser's Business or any officer, director, partner, employee or agent for the unlawful rebating of charges, or engaged in any other unlawful reciprocal practice, or made any other unlawful payment or given any other unlawful consideration to any such customer or supplier or any such officer, director, partner, employee or agent, in respect of Purchaser or the Purchaser's Business.

- (e) Except as disclosed in the Purchaser's Disclosure Letter, (i) the Purchaser, to the extent required by Law, has a written privacy policy which governs its collection, use and disclosure of Personal Information and the Purchaser is in compliance with such privacy policy, and (ii) all required consents to the collection, use or disclosure of Personal Information in connection with the conduct of the Purchaser's Business.
- (f) The Purchaser is, and have been since July 25, 2016, conducting the Purchaser's Business in compliance with all applicable Laws governing privacy and the protection of personal information, including the *Personal Information Protection and Electronic Documents Act* (Canada), other than (i) acts of non-compliance which individually or in the aggregate are not material, and (ii) any public disclosure of this Agreement by the Vendors.

## **ARTICLE VI COVENANTS OF THE VENDORS, THE COMPANY AND THE PURCHASER**

### **6.1 Conduct of Business**

Except as otherwise contemplated or permitted by this Agreement, during the period from the date of this Agreement to the Closing:

- (a) The Vendors and the Company shall cause the Acquired Companies to, and the Acquired Companies shall, operate, in consultation with the Purchaser, the Business in the ordinary course consistent with past practice, including paying and satisfying all obligations with respect to the Business as such obligations mature;
- (b) The Vendors and the Company shall cause the Acquired Companies to, and the Acquired Companies shall, continue to maintain in full force and effect all policies of insurance currently in effect in respect of the Acquired Companies and the Business and give all notices and present all Claims under all policies of insurance in a due and timely fashion;
- (c) The Vendors and the Company shall give notice to the Purchaser of any potential defaults or breaches of representations, warranties or covenants of the Vendors or

the Company or any other material matter which may affect the Acquired Companies or the Business forthwith upon becoming aware of such matters;

- (d) The Vendors and the Company shall cause the Acquired Companies to, and the Acquired Companies shall, comply with all Laws affecting the operations of the Acquired Companies and the Business;
- (e) Neither any of the Vendors nor the Company shall, without the prior written consent of the Purchaser, directly or indirectly, cause or permit any state of affairs, action or omission described in Section 4.10. Without limiting the generality of the foregoing, the Company shall not, and shall cause the Subsidiaries not to, without the prior written consent of the Purchaser, perform or make any act or decision or enter into any Contract, commitment or transaction not in the ordinary course of business or which could have a Material Adverse Effect on the Acquired Companies (as a whole) or the Business or which would constitute a breach of the covenants, representations or warranties of any of the Vendors or the Company contained in this Agreement or which would cause such covenants, representations and warranties not to be true at the Closing, including:
  - (i) acquiring or initiating new businesses or undertakings or assuming any material commitment or obligation (by written agreement or otherwise) or selling, encumbering or otherwise disposing or distributing any material asset except in the ordinary course of business consistent with past practice;
  - (ii) entering into any employment, labour, consulting or service Contracts except in the ordinary course of business consistent with past practice;
  - (iii) improving the Plans or paying or agreeing to pay any pension or retirement allowance or other employee benefit not required by the existing Plans or committing to any new or renewed employee pension, benefit or compensation plan;
  - (iv) terminating any employment agreements or giving notice of termination except in the ordinary course of business consistent with past practice;
  - (v) initiating or settling any litigation to which any of the Acquired Companies may be or may become a party;
  - (vi) entering into any transaction, understanding or arrangement with any Person with whom they are not acting at arm's length (as that term is defined for the purposes of the Tax Act);
  - (vii) increasing the compensation payable (including, but not limited to, wages, salaries, bonuses or any other remuneration) or to become payable to any officer, employee or agent being paid an annual base salary of \$50,000 or more or any director of the Company;
  - (viii) making any capital expenditure or commitment to make a capital expenditure in excess of \$10,000 individually or \$50,000 in the aggregate

- or otherwise acquiring any assets or properties (other than supplies or inventory in the ordinary course of business consistent with practice);
- (ix) incurring any additional Indebtedness which, in the aggregate, exceeds \$50,000;
  - (x) amending, revising, renewing or terminating any lease, licence, registered user or other material Contract to which an Acquired Company may be a party or which may affect any of the Acquired Companies or the Business or any trade name, business name, trade-mark, proposed trade-mark, certification mark, distinguishing guise, industrial design, copyright or patent, whether domestic or foreign and whether registered or unregistered, relating to any of the Acquired Companies or the Business; or
  - (xi) entering into any commitment or obligation to do any of the foregoing.

Notwithstanding the foregoing, the provisions of this Section 6.1 shall not prevent the Company from issuing additional debentures to investors in connection with the Playgon Debenture Financing.

## **6.2 Examinations and Investigations**

- (a) The Vendors and the Company shall at all times until the Closing make available to the Purchaser and its representatives for examination all Books and Records and other documents relating to the Acquired Companies and the Business in their possession or under their control to the extent the Purchaser reasonably believes necessary or advisable to familiarize itself with such properties and other matters. The Vendors and the Company shall provide copies of any of the Books and Records when reasonably requested by the Purchaser. The Vendors and the Company shall at all times until the Closing give the Purchaser and its representatives full and unrestricted access to the assets of the Business in order to make such investigations as they shall deem necessary or advisable. The Vendors and the Company shall also permit such Persons as the Purchaser may reasonably require to inspect the assets of the Acquired Companies and the Business at any time prior to the Closing. The Vendors and the Company shall give all such Persons all reasonable means to effect such examinations and investigations and shall cause its agents, employees, officers and directors to use their best efforts to aid such Persons in such examinations and investigations at all reasonable times until the Closing. Each of the Vendors and the Company consents to the Purchaser making applications and inquiries under any freedom of information legislation (federal, provincial and municipal) and shall sign any documents or forms of consent incidental thereto. The exercise of any rights of access, inspection or examination by or on behalf of the Purchaser shall not affect or mitigate the Vendors' or the Company's covenants, representations and warranties in this Agreement or the remedies of the Purchaser for breaches of those representations and warranties.
- (b) Any information obtained by the Purchaser prior to the Closing pursuant to Section 6.2(a) shall be subject to that certain confidentiality agreement (the

“**Confidentiality Agreement**”) dated January 10, 2019 between the Parties. Effective upon the Closing, the Purchaser’s obligations under the Confidentiality Agreement shall terminate.

### **6.3 Disclosure Supplements**

- (a) From time to time prior to the Closing, the Vendors and the Company shall supplement or amend the Vendor’s Disclosure Letter with respect to any matter hereafter arising or any information obtained after the date hereof which, if existing, occurring or known at or prior to the date of this Agreement, would have been required to be set out or described in the Vendor’s Disclosure Letter or which is necessary to complete or correct any information in the Vendor’s Disclosure Letter or in any representation or warranty of the Vendors or the Company, which has been rendered inaccurate thereby. For the purposes of Article VIII and Article X hereof, any such supplement or amendment shall be disregarded and given no effect. The Vendors and the Company will have delivered or made available to the Purchaser copies of all documents set out or described in the Vendor’s Disclosure Letter, including in respect of any supplements to the Vendor’s Disclosure Letter delivered by the Vendors and the Company to the Purchaser after the date hereof and prior to the Closing Date.
- (b) From time to time prior to the Closing, the Purchaser shall supplement or amend the Purchaser’s Disclosure Letter with respect to any matter hereafter arising or any information obtained after the date hereof which, if existing, occurring or known at or prior to the date of this Agreement, would have been required to be set out or described in the Purchaser’s Disclosure Letter or which is necessary to complete or correct any information in the Purchaser’s Disclosure Letter or in any representation or warranty of the Purchaser, which has been rendered inaccurate thereby. For the purposes of Article VIII and Article X hereof, any such supplement or amendment shall be disregarded and given no effect. The Purchaser will have delivered or made available to the Vendors of the Company copies of all documents set out or described in the Purchaser’s Disclosure Letter, including in respect of any supplements to the Purchaser’s Disclosure Letter delivered by the Purchaser to the Vendors and the Company after the date hereof and prior to the Closing Date.

### **6.4 Commercially Reasonable Efforts**

Subject to the terms and conditions contained herein, the Parties shall cooperate and use their respective commercially reasonable efforts to take, or cause to be taken, all appropriate actions, and to make, or cause to be made, all filings necessary, proper or advisable under applicable Laws and to consummate and make effective the transactions contemplated by this Agreement, including their respective commercially reasonable efforts to obtain, prior to the Closing, the actions, consents and approvals listed in the Vendor’s Disclosure Letter and the TSX Acceptance.

### **6.5 Representations, Warranties and Conditions**

Each of the Parties shall use its commercially reasonable efforts to ensure that the representations and warranties set out in this Agreement are true and correct at the Closing Time as if such

representations and warranties were made at and as of the Closing Time except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted by this Agreement and other than representations and warranties that speak of a specific date or time (in which case such representations and warranties shall be true and correct in all respects on and as of such date or time) and that the conditions of Closing for the benefit of the other Party set out in this Agreement have been fulfilled, performed or satisfied prior to the Closing Time.

## **6.6 Discharge Encumbrances**

The Vendors and the Company shall discharge or cause to be discharged all Encumbrances other than Permitted Encumbrances on or prior to the Closing.

## **6.7 Interim Financial Statements**

The Vendors and the Company shall, at least five Business Days prior to the Closing Date, deliver to the Purchaser the consolidated balance sheet of the Acquired Companies as of the end of each month for the period from July 1, 2019 through September 30, 2019 and the related statements of operations and retained earnings of the Acquired Companies for each month during such period, including any interim balance sheets.

## **6.8 Board of the Purchaser**

The Purchaser shall use its commercially reasonable efforts to reconstitute its board of directors to consist of six members, five of which shall be nominees of the Purchaser and one of which shall be the nominee of the Vendors' Representative which nominee, initially, shall be Guido Ganschow, unless otherwise agreed and subject to TSXV approval, including clearance of personal information forms and background checks. The Vendors' Representative and the Purchaser will enter into a side letter agreement (the "**Side Letter Agreement**") setting out such right of the Vendors' Representative to nominate one member to the Purchaser's board of directors as a condition to closing pursuant to Section 9.6(a)(vii) of this Agreement.

## **6.9 Non-Solicitation**

The Company and the Vendors shall immediately cease any existing discussions or negotiations with any third Persons conducted prior to the date hereof with respect to any merger, business combination, sale of assets, sale of shares of capital stock or other securities or similar transaction (other than sales permitted by this Agreement), involving any third Person, any of the Vendors, the Company or their Affiliates (an "**Acquisition Transaction**"). The Vendor and the Company, jointly and severally, shall use their respective best efforts to cause the employees, directors, officers and shareholders of any of the Vendors and the Company not to, directly or indirectly, encourage, solicit, participate in, facilitate or initiate discussions or negotiations with, or provide any information to, any Person or group (other than the Purchaser, or its directors, officers, employees or other Affiliates or representatives) concerning any Acquisition Transaction or any discussions or negotiations with respect thereto. The Vendors shall immediately communicate to the Purchaser any such inquiries or proposals regarding any Acquisition Transaction and the terms thereof.

## **6.10 Notification of Certain Matters**

Each Party shall give prompt notice to the other Party of any of the following which occurs, or of which it becomes aware, following the date hereof: (a) any notice of, or other communication relating to, a default or event that, with notice or lapse of time or both, would become a default under any Contract disclosed (or required to be disclosed) in the Vendors' Disclosure Letter or the Purchaser's Disclosure Letter, as the case may be; (b) the occurrence or existence of any fact, circumstance or event which would reasonably be expected to result in (i) any representation or warranty made by such Party in this Agreement or in the Vendors' Disclosure Letter or the Purchaser's Disclosure Letter, as the case may be, any Exhibit or certificate delivered herewith, to be untrue or inaccurate in any material respect or (ii) the failure of any condition precedent to either party's obligations; and (c) any notice or other communication from any third Person alleging that the consent of such third Person is or may be required in connection with the transactions contemplated by this Agreement.

## **6.11 Litigation Support**

In the event and for so long as any Party actively is contesting or defending against any Claim, action, suit, proceeding, hearing, investigation, charge, complaint or demand in connection with (a) any transaction contemplated by this Agreement or (b) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date involving the Company or the Business, the other Party shall cooperate with the contesting or defending Party or its counsel in the defence or contest, make available its personnel, and provide such testimony and access to its books and records as shall be necessary in connection with the defence or contest, all at the sole cost and expense of the contesting or defending party (unless the contesting or defending party is entitled to indemnification therefor under Article VII).

## **6.12 Tax Matters**

- (a) The Vendors' Representative and the Company shall, and shall cause each of the Acquired Companies to, timely file all Tax Returns relating to the Acquired Companies and the Business arising from or relating to any period that ends on or before the Closing Date and for which Tax Returns have not been filed as of such date (collectively, "**Stub Period Returns**"). An election under subsection 256(9) of the Tax Act, and the comparable provisions of applicable provincial or territorial legislation, shall not be made for the Acquired Companies' taxation year(s) ending immediately before the Closing unless requested, or consented to, by the Vendors' Representative. To the extent not included in the calculation of the Closing Net Working Capital, the Vendors shall pay all Taxes in respect of such Stub Period Returns. The Vendors shall be liable for and shall pay any liability for Taxes incurred as a result of the transfer of the Purchased Shares, the payment of the Purchase Price and the other transactions contemplated by this Agreement.
- (b) The Purchaser and the Vendors agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Acquired Companies and the Business as is reasonably necessary for the filing of all Tax Returns and making of any election related to Taxes, the

preparation for any audit by any Governmental Authority, and the prosecution or defence of any Claim relating to any Tax Return. The Purchaser and the Vendors shall cooperate with each other in the conduct of any audit or other proceeding related to Taxes involving the Acquired Companies or the Business and each shall execute and deliver such powers of attorney and other documents as are necessary to carry out the intent of this Section 6.12. In addition, the Purchaser and the Vendors agree to maintain or arrange for the maintenance of all records necessary to comply with this Section 6.12 for a period of seven years from the Closing Date (or such longer period as may be reasonably requested in writing by the Purchaser or the Vendors) and each Party agrees to afford the other reasonable access to such records during normal business hours.

## **ARTICLE VII SURVIVAL AND INDEMNIFICATION**

### **7.1 Survival of Vendors' and Company Representations and Warranties**

The representations and warranties of the Vendors and the Company contained in this Agreement or any document or certificate given pursuant to this Agreement shall survive the Closing for the benefit of the Purchaser as follows:

- (a) as to the representations and warranties contained in Sections 3.1, 3.2, 4.1, 4.2, 4.12 and 4.23, indefinitely;
- (b) as to the representation and warranties contained in Sections 3.4 and 4.18, until the 90th day after the expiration of the relevant statute of limitations unless a *bona fide* notice of a Claim shall have been made in writing before such date, in which case the representation and warranty to which such notice applies shall survive in respect of that Claim until the final determination or settlement of that Claim; and
- (c) as to all other matters, for a period of 24 months, unless a *bona fide* notice of a Claim for indemnity shall have been given in writing before the expiry of that period, in which case the representation and warranty to which such notice applies shall survive in respect of that Claim until the final determination or settlement of that Claim.

### **7.2 Survival of Purchaser's Representations and Warranties**

The representations and warranties of the Purchaser contained in this Agreement or any document or certificate given pursuant to this Agreement shall survive the Closing for the benefit of the Vendors as follows:

- (a) as to the presentations and warranties contained in Sections 5.1, 5.2 and 5.3, indefinitely; and
- (b) as to all other matters, for a period of 24 months, unless a *bona fide* notice of a Claim for indemnity shall have been given in writing before the expiry of that period, in which case the representation and warranty to which such notice applies

shall survive in respect of that Claim until the final determination or settlement of that Claim.

### 7.3 Survival of Covenants

Except as otherwise provided in this Agreement, all covenants of the Vendors and the Company, on the one hand, and the Purchaser, on the other hand, as the case may be, contained in this Agreement or any document or certificate given pursuant to this Agreement shall survive the Closing for the benefit of the Purchaser or the Vendors, as the case may be, for the period of such covenant, subject only to applicable limitation periods imposed by applicable Law.

### 7.4 Indemnification

- (a) Each of the Vendors, on a several basis in relation to itself only, indemnifies and holds the Purchaser and each of its shareholders, officers, directors, employees, agents, successors and assigns (collectively, the “**Purchaser Indemnified Parties**”), harmless from and against any Claim, demand, action, cause of action, damage, loss (including lost profits), cost, liability or expense (including legal fees) (collectively, “**Losses**”) which may be made or brought against any of the Purchaser Indemnified Parties or which any of the Purchaser Indemnified Parties may suffer or incur, directly or indirectly, in respect of, as a result of, or arising out of:
  - (i) any non-fulfillment of any covenant on the part of such Vendor contained in this Agreement or any document or certificate given pursuant to this Agreement; and
  - (ii) the failure of any representation or warranty made by such Vendor in Article III of this Agreement to be true and correct in all respects as of the date of this Agreement and as of the Closing Date.
  
- (b) Each of the Vendors, on a several basis in relation to itself only, indemnifies and holds the Purchaser Indemnified Parties, harmless from and against such Vendor’s Pro Rata Share of any Losses which may be made or brought against the Purchaser Indemnified Parties or which the Purchaser Indemnified Parties may suffer or incur, directly or indirectly, in respect of, as a result of, or arising out of:
  - (i) any non-fulfillment of any covenant on the part of the Company contained in this Agreement or any document or certificate given pursuant to this Agreement;
  - (ii) the failure of any representation or warranty made by a Vendor contained in Article IV of this Agreement (excluding any representation and warranty made by Vendors in Article III) to be true and correct in all respects as of the date of this Agreement and as of the Closing Date; and
  - (iii) the failure of any representation and warranty made by the Company in this Agreement (whether or not contained in Article IV) or in any Schedule, Exhibit, document or certificate delivered pursuant to this Agreement,

including the Disclosure Schedule, to be true and correct in all respects as of the date of this Agreement and as of the Closing Date.

- (c) The Purchaser indemnifies and holds each of the Vendors and each of their respective shareholders, officers, directors, employees, agents, successors and assigns (collectively, the “**Vendor Indemnified Parties**”), harmless from and against any Losses which may be made or brought against the Vendor Indemnified Parties or which the Vendor Indemnified Parties may suffer or incur, in respect of, or arising out of:
  - (i) any non-fulfillment of any covenant on the part of the Purchaser contained in this Agreement or any document or certificate given pursuant to this Agreement; and
  - (ii) the failure of any representation or warranty made by the Purchaser in this Agreement or in any Schedule, Exhibit, document or certificate delivered pursuant to this Agreement to be true and correct in all respects as of the date of this Agreement and as of the Closing Date.
- (d) The obligations to indemnify and hold harmless pursuant to Section 7.4 shall survive the consummation of the transactions contemplated by this Agreement for the time periods set out in Section 7.1, except for Claims for indemnification asserted prior to the end of such periods, which Claims shall survive until final resolution thereof.
- (e) The obligations to indemnify and hold harmless pursuant to Section 7.4(b)(ii), 7.4(b)(iii) and 7.4(c)(ii) shall be limited to an aggregate amount of \$5,000,000 and no Person shall be entitled to recovery for losses pursuant to such Sections until the total amount of losses exceeds \$50,000 (the “**Basket Amount**”), provided, that to the extent the amount of losses exceeds the Basket Amount, the Indemnified Party shall be entitled to recover the Basket Amount, as well as the amount of losses in excess of the Basket Amount; provided that the limitation on indemnification contained in this Section 7.4(e) shall not apply to losses which arise from a breach of representations and warranties contained in Sections 3.1, 3.2, 3.4, 4.1, 4.2, 4.18, 5.1, 5.2 and 5.3.
- (f) Notwithstanding any other provision of this Agreement, the maximum aggregate amount of Losses for which the Vendors will be liable to Purchaser Indemnified Parties under this Agreement will be limited to the aggregate Purchase Price and the maximum aggregate amount of Losses for which each individual Vendor will be liable to the Purchaser Indemnified Parties under this Agreement will be limited to the portion of the Purchase Price as finally determined and actually paid to or at the direction of such Vendor.

## **7.5 Procedure for Indemnification**

- (a) Within 30 days after the incurrence of any losses by any Person entitled to indemnification pursuant to Section 7.4 hereof (an “**Indemnified Party**”),

including any Claim by a third Person described in Section 7.6, which might give rise to indemnification hereunder, the Indemnified Party shall deliver to the party from which indemnification is sought (the “**Indemnifying Party**”) and, if applicable, the Escrow Agent a certificate (the “**Certificate**”), which Certificate shall:

- (i) state that the Indemnified Party has paid or properly accrued losses or anticipates that it will incur liability for losses for which such Indemnified Party is entitled to indemnification pursuant to this Agreement; and
  - (ii) specify in reasonable detail each individual item of loss included in the amount so stated, the date such item was paid or properly accrued, the basis for any anticipated liability and the nature of the misrepresentation, breach of warranty, breach of covenant or claim to which each such item is related and the computation of the amount to which such Indemnified Party claims to be entitled hereunder.
- (b) In the event that the Indemnifying Party shall object to the indemnification of an Indemnified Party in respect of any claim or claims specified in any Certificate, the Indemnifying Party shall, within 10 days after receipt by the Indemnifying Party of such Certificate, deliver to the Indemnified Party a notice to such effect and the Indemnifying Party and the Indemnified Party shall, within the 30 day period beginning on the date of receipt by the Indemnified Party of such objection, attempt in good faith to agree upon the rights of the respective parties with respect to each of such Claims to which the Indemnifying Party shall have so objected. If the Indemnified Party and the Indemnifying Party shall succeed in reaching agreement on their respective rights with respect to any of such Claims, the Indemnified Party and the Indemnifying Party shall promptly prepare and sign a memorandum setting forth such agreement. Should the Indemnified Party and the Indemnifying Party be unable to agree as to any particular item or items or amount or amounts, then the Indemnified Party and the Indemnifying Party shall submit such dispute for arbitration in accordance with Section 7.12. The party which receives a final judgment in such dispute shall be indemnified and held harmless for all reasonable attorney and consultant’s fees or expenses by the other party.
- (c) Claims for losses specified in any Certificate to which an Indemnifying Party shall not object in writing within 10 days of receipt of such Certificate, Claims for losses the validity and amount of which have been the subject of arbitration as described in Section 7.5(b) and Claims for losses the validity and amount of which shall have been the subject of a final arbitration, or shall have been settled with the consent of the Indemnifying Party, as described in Section 7.6 below, are hereinafter referred to, collectively, as “**Agreed Claims**”. Within 10 days of the determination of the amount of any Agreed Claims, the Indemnifying Party shall pay to the Indemnified Party (except in the case where a payment has been already effected pursuant to the Escrow Agreement but only to the extent of such payment) an amount equal to the Agreed Claim as follows:

- (i) at the option of the Vendors, exercisable within 30 days of the determination of any Agreed Claims, by wire transfer in immediately available funds to the bank account or accounts designated by the Purchaser in a notice to the Vendors not less than two Business Days prior to such payment; provided that a Vendor may satisfy any portion of the Agreed Claim by the cancellation of such number of Consideration Shares valued at a price of \$0.15 per share as follows (1) firstly, by irrevocably directing the Escrow Agent to return to the Purchaser for cancellation such number of Indemnity Escrow Consideration Shares as is equal to the amount of the Agreed Claims divided by \$0.15 per share, (2) secondly, if any amount of the Agreed Claims are remaining, by making arrangements, satisfactory to the Purchaser, to cancel such number of Release Escrow Consideration Shares held, if any, equal to the balance owing divided by \$0.15 per share, and (3) lastly, by paying any balance, if any, by wire transfer in immediately available funds to the bank account or accounts designated by the Purchaser in a notice to the Vendors not less than two Business Days prior to such payment.
  
- (ii) at the option of the Purchaser, exercisable within 5 days of the determination of any Agreed Claims, by wire transfer in immediately available funds to the bank account or accounts designated by the Vendors in a notice to the Purchaser not less than two Business Days prior to such payment; provided that a Purchaser may satisfy any portion of the Agreed Claim by issuing the Vendors additional shares of the Purchaser valued at a price of \$0.15 per share, subject to receipt of all necessary regulatory approval. In the event that the Purchaser wishes to satisfy the Agreed Claims by way of issuance of additional shares, the Purchaser shall be provided a further 45 day period to use its commercially reasonable efforts to obtain all necessary regulatory approvals.

## **7.6 Third Party Claims**

If a Claim by a third Person is made against any Indemnified Party, and if such Indemnified Party intends to seek indemnity with respect thereto under this Article VII, such Indemnified Party shall promptly notify the Indemnifying Party of such Claim; provided that the failure to so notify shall not relieve the Indemnifying Party of its obligations hereunder, except to the extent that the Indemnifying Party is actually and materially prejudiced thereby. The Indemnifying Party shall have thirty (30) days after receipt of such notice to assume the conduct and control, through counsel reasonably acceptable to the Indemnified Party at the expense of the Indemnifying Party, of the settlement or defence thereof and the Indemnified Party shall cooperate with it in connection therewith; provided that (a) the Indemnifying Party shall permit the Indemnified Party to participate in such settlement or defence through counsel chosen by such Indemnified Party, provided that the fees and expenses of such counsel shall be borne by such Indemnified Party, and (b) the Indemnifying Party shall promptly be entitled to assume the defence of such action only to the extent the Indemnifying Party acknowledges its indemnity obligation and assumes and holds such Indemnified Party harmless from and against the full amount of any loss resulting therefrom; and provided further that the Indemnifying Party shall not be entitled to assume control of such defence and shall pay the fees and expenses of counsel retained by the Indemnified Party if: (i) the

parties agree, reasonably and in good faith, that such third Person Claim would give rise to losses which are more than twice the amount indemnifiable by such Indemnifying Party pursuant to this Article VII; (ii) the Claim for indemnification relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation; (iii) the Claim seeks an injunction or equitable relief against the Indemnified Party; (iv) the Indemnified Party has been advised in writing by counsel that a reasonable likelihood exists of a conflict of interest between the Indemnifying Party and the Indemnified Party; (v) the Indemnified Party reasonably believes an adverse determination with respect to the action, lawsuit, investigation, proceeding or other claim giving rise to such Claim for indemnification would be detrimental to or injure the Indemnified Party's reputation or future business prospects; or (vi) upon petition by the Indemnified Party, the appropriate arbitrator decides that the Indemnifying Party failed or is failing to vigorously prosecute or defend such claim. Any Indemnified Party shall have the right to employ separate counsel in any such action or Claim and to participate in the defence thereof, but the fees and expenses of such counsel shall not be at the expense of the Indemnifying Party unless (x) the Indemnifying Party shall have failed, within a reasonable time after having been notified by the Indemnified Party of the existence of such Claim as provided in the preceding sentence, to assume the defence of such Claim, (y) the employment of such counsel has been specifically authorized in writing by the Indemnifying Party, which authorization shall not be unreasonably withheld, conditioned or delayed, or (z) the named parties to any such action include both such Indemnified Party and the Indemnifying Party and such Indemnified Party shall have been advised in writing by such counsel that there may be one or more legal defences available to the Indemnified Party which are not available to the Indemnifying Party, or available to the Indemnifying Party the assertion of which would be adverse to the interests of the Indemnified Party. So long as the Indemnifying Party is reasonably contesting any such Claim in good faith, the Indemnified Party shall not pay or settle any such Claim. Notwithstanding the foregoing, the Indemnified Party shall have the right to pay or settle any such Claim, provided that in such event it shall waive any right to indemnity therefor by the Indemnifying Party for such Claim unless the Indemnifying Party shall have consented to such payment or settlement. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) days after the receipt of the Indemnified Party's notice of a Claim of indemnity hereunder that it elects to undertake the defence thereof, the Indemnified Party shall have the right to contest, settle or compromise the Claim but shall not thereby waive any right to indemnity therefor pursuant to this Agreement. The Indemnifying Party shall not, except with the consent of the Indemnified Party, enter into any settlement that is not entirely indemnifiable by the Indemnifying Party pursuant to this Article VII and does not include as an unconditional term thereof the giving by the Person or Persons asserting such Claim to all Indemnified Parties of an unconditional release from all liability with respect to such Claim or consent to entry of any judgment. The Indemnifying Party and the Indemnified Party shall cooperate with each other in all reasonable respects in connection with the defence of any Claim, including making available records relating to such Claim and furnishing, without expense to the Indemnifying Party and/or its counsel, such employees of the Indemnified Party as may be reasonably necessary for the preparation of the defence of any such Claim or for testimony as witnesses in any proceeding relating to such claim.

## **7.7 Additional Rules and Procedures**

The obligation of the parties to indemnify each other pursuant to this Article VII shall also be subject to the following:

- (a) if any third Person Claim is of a nature such that the Indemnified Party is required by applicable Law to make a payment to any Person with respect to such third Person Claim before the completion of settlement negotiations or related legal proceedings, the Indemnified Party may make such payment and the Indemnifying Party shall, forthwith after demand by the Indemnified Party, reimburse the Indemnified Party for any such payment. If the amount of any liability under the third Person Claim in respect of which such a payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, forthwith after receipt of the difference from such third Person, pay such difference to the Indemnifying Party; and
- (b) the Indemnifying Party and the Indemnified Party shall provide each other on an ongoing basis with all information which may be relevant to the other's liability hereunder and shall supply copies of all relevant documentation promptly as they become available.

#### **7.8 Insurance and Other Recoveries**

- (a) All indemnification payments payable hereunder shall be reduced by the amount of insurance proceeds actually received by the Indemnified Party for such loss for which the Indemnified Party is seeking indemnification. Each Party agrees to promptly make a Claim against any applicable insurance with respect to any loss that would otherwise be payable pursuant to this Article VII.
- (b) Any indemnification payment made under this Article VII shall be treated by the Vendor and the Purchaser as an adjustment to the Purchase Price.

#### **7.9 Exclusion of Other Remedies**

Except as provided in this Section 7.9, and if the Closing occurs, the indemnities provided in Section 7.4 shall constitute the only remedies of the Purchaser or the Vendors, respectively, against a Party in the event of any breach of a representation, warranty, covenant or agreement of such Party contained in this Agreement. The Parties may exercise their rights of termination set forth in Article X and their rights of indemnity in Article VII. The Parties may also exercise any remedies available for claims based on fraudulent acts or fraudulent misrepresentation and any equitable remedies. The Parties acknowledge that the failure to comply with a covenant or obligation contained in this Agreement or any Ancillary Agreement may give rise to an irreparable injury to a Party inadequately compensable in damages. Accordingly, a Party may seek to enforce the performance of this Agreement by injunction or specific performance upon application to a court of competent jurisdiction. Each of the Purchaser and the Vendor expressly waives and renounces any other remedies whatsoever, whether at law or in equity, which it would otherwise be entitled to as against a Party.

### **7.10 One Recovery**

Any Indemnified Party shall 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.

### **7.11 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.

### **7.12 Arbitration Procedures**

- (a) If any dispute or controversy shall occur between the parties relating to the interpretation or implementation of any of the provisions of this Agreement, such dispute shall be resolved by arbitration by a single arbitrator, if the Parties can agree upon one arbitrator, or otherwise by three arbitrators, of whom one shall be appointed by the Purchaser and one shall be appointed by the Vendors and the third shall be appointed by the two named arbitrators.
- (b) The arbitration shall be held in the City of Vancouver. The arbitration shall proceed in accordance with the provisions of the *Arbitration Act* (British Columbia).
- (c) The arbitrator shall have the power to proceed with the arbitration and to deliver his or her award notwithstanding the default by any Party in respect of any procedural order made by the arbitrator. The decision arrived at by the arbitrator shall be final and binding and no appeal shall lie therefrom. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.
- (d) If a single arbitrator is used, all of the costs and expenses of the arbitration shall be borne equally by the Parties or in such other manner as the arbitrator may determine to be appropriate. If three arbitrators are used the costs and expenses of the third arbitrator and of any experts engaged by such arbitrator shall be borne equally by the Parties and each Party shall pay the costs and expenses of the arbitrator appointed by it. Arbitration under this Section 7.12 shall be in substitution for and precludes the bringing of any action in any court by either Party.

## **ARTICLE VIII CONDITIONS OF CLOSING IN FAVOUR OF THE PURCHASER**

The obligation of the Purchaser to purchase the Purchased Shares is subject to the fulfillment, performance and satisfaction of, or compliance with, each of the following conditions precedent (each of which is acknowledged to be inserted for the exclusive benefit of the Purchaser and may be waived by the Purchaser in whole or in part).

### **8.1 Truth and Accuracy of Representations and Warranties**

Each of the representations and warranties of the Vendors and the Company made in or pursuant to this Agreement shall be true and correct at the Closing Time with the same force and effect as if made at and as of the Closing Time, other than representations and warranties that speak of a specific date or time (in which case such representations and warranties shall be true and correct in all respects on and as of such date or time), and each of the Vendors and the Company shall have delivered to the Purchaser at the Closing a duly executed certificate dated the Closing Date confirming the truth and correctness of the representations and warranties made by such Vendor or the Company. The receipt of such certificate and the Closing of the transaction of purchase and sale provided for in this Agreement shall not be deemed to be a waiver of the representations and warranties contained in this Agreement, which representations and warranties shall continue in full force and effect for the benefit of the Purchaser as provided in Article VII.

### **8.2 Performance of Covenants**

Each of the Vendors and the Company shall have performed and complied with each obligation, agreement and covenant in this Agreement required to be performed or complied with by it under this Agreement or any other agreement or document contemplated by this Agreement at or prior to the Closing. Each of the Vendors and the Company shall have delivered to the Purchaser at the Closing a duly executed certificate to such effect.

### **8.3 Authorizations, Consents and Approvals**

All Governmental Authorizations, actions, approvals, orders and consents of, or declarations or filings with, or expirations or terminations of waiting periods imposed by any Governmental Authority or other Person necessary to effect the transactions contemplated by this Agreement or any other agreement or document contemplated by this Agreement, shall have occurred, been filed or obtained, as the case may be, including, without limitation, the TSXV Acceptance.

### **8.4 Legal Impediments**

- (a) There shall not be in effect on the Closing Date any Laws or Claim restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated in this Agreement; and
- (b) There shall not be pending or threatened on the Closing Date any Claim or any other action in, before or by any Governmental Authority or any other Person (including a Party hereto) which could reasonably be expected to result in the issuance of any order, or the enactment, promulgation or deemed applicability to the Purchaser, any of the Vendors, any of the Acquired Companies or the Business, or any transaction contemplated by this Agreement or any of the agreements or documents contemplated by this Agreement, to restrain or prohibit the completion of the transactions contemplated by this Agreement or to prevent or restrain the Purchaser from acquiring the Purchased Shares or the Acquired Companies from carrying on the Business as presently carried on.

## 8.5 Encumbrances and Indebtedness

- (a) At the Closing Date, there shall be no Encumbrances against any of the assets of the Acquired Companies except for Permitted Encumbrances.
- (b) All Indebtedness of the Acquired Companies as of the Closing Date, other than the Assumed Indebtedness, shall have been repaid (as evidenced by customary pay-off letters from the holders of such Indebtedness delivered to the Purchaser by the Vendors) and all arrangements reasonably satisfactory to the Purchaser providing for mortgage and lien releases, cancelled notes, trade-mark and patent assignments and other documents reasonably requested by the Purchaser prior to Closing shall have been made.
- (c) In the event that a discharge of any Encumbrance held by a chartered bank, trust company, credit union or insurance company is not available in registrable form on Closing, the Purchaser agrees to accept the Vendors' solicitors' undertaking to obtain a discharge of such Encumbrance in registrable form and to register the same within 30 days after the Closing, provided that on or before the Closing, the Vendors shall provide to the Purchaser a payout statement prepared by the secured creditor setting out the balance required to obtain the discharge, together with a direction executed by the Vendors directing payment to the secured creditor of the amount required to obtain the discharge out of the balance due on the Closing.

## 8.6 No Material Adverse Change

No Material Adverse Change shall have occurred since the date of this Agreement.

## 8.7 Financing

The Purchaser shall have completed one or more financings for proceeds of not less than \$5,000,000 in the aggregate (the "**Purchaser Financing**").

## 8.8 Conversion of Playgon Debentures

Each of the Playgon Debenture Holders, will have entered into a debt conversion and sale agreement, substantially in the form attached hereto as Exhibit 8.8 (the "**Conversion and Sale Agreement**") with the Company pursuant to which they will have agreed to (i) convert the amounts owing to them under the Playgon Debentures into Common shares in the capital of the Company (the "**Debenture Shares**") at a price per share equal to the price per share at which the Purchased Shares are being purchased less a 30% discount, and (ii) sell the Debenture Shares to the Purchaser.

## 8.9 Promissory Note

The Company shall have issued one or more promissory notes, substantially in the form attached hereto as Exhibit 8.9 (the "**Promissory Note**"), to certain existing debtholders of the Company in the aggregate amount of up to \$1,321,250, representing a portion of the Assumed Indebtedness which will provide, *inter alia*, for repayment of such Promissory Note with cash generated from operation as further described therein. The Company shall have issued a promissory note, in the

form agreed to by the Company and the Purchaser, acting reasonably, to a certain existing debtholder of the Company in the aggregate amount of up to \$500,000 for a term of twelve (12) months.

#### **8.10 Audited Financial Statements**

The Company shall have delivered audited financial statements for the year ended May 31, 2019, together with an unqualified audit report, including a consolidated audited balance sheet, statement of earnings, statement of retained earnings and statement of changes in financial position of the Acquired Companies, together with the notes thereto.

#### **8.11 Assignment of Trademarks**

The Company shall have provided evidence satisfactory to the Purchaser that all trademarks of the Company as set out in Section 4.14 of the Vendor's Disclosure Letter have been assigned to and are held by the Company.

#### **8.12 Cancellation of Stock Option Plan**

The Company shall have provided evidence satisfactory to the Buyer that the Company has terminated its equity incentive plan dated July 15, 2016.

#### **8.13 Receipt of Closing Documents**

The Vendors and the Company shall have delivered to the Purchaser:

- (a) the Purchased Shares accompanied by irrevocable share transfer powers of attorney duly executed in blank;
- (b) a certificate dated within two days before the Closing Date from the appropriate office of the jurisdiction of organization of each of the Acquired Companies, certifying that such Acquired Company is validly existing and in good standing under the laws of such jurisdiction;
- (c) a certificate of a senior officer of the Company (in such capacity and without personal liability), in form and substance reasonably satisfactory to the Purchaser certifying: (i) as to the articles of the Company; (ii) that the board of directors (and, if required, shareholders) of the Company has adopted resolutions (in a form attached to such certificate) authorizing the execution, delivery and performance of this Agreement and the transactions contemplated herein, which resolutions are in full force and effect and have not been superseded, amended or modified as of the Closing Date; and (iii) as to the incumbency and signatures of the officers of the Company executing this Agreement and the other transaction documents contemplated herein;
- (d) from each of the directors, officers of the Acquired Companies, a resignation from his positions with such Acquired Company and releases in favour of the Acquired Companies and the Purchaser in form and substance satisfactory to the Purchaser;

- (e) the consents of all parties to the Contracts other than the applicable Acquired Company to the change in control of such Acquired Company, each in a form satisfactory to the Purchaser;
- (f) the Indemnity Escrow Agreement duly executed by each of the Vendors;
- (g) a Release Escrow Agreement duly executed by each of the Vendors;
- (h) an employment or consulting agreement (an “**Employment Agreement**”) duly executed by Guido Ganschow, Pawan Sivaraman and such other key Employees or consultants identified by the Purchaser in writing, each in form and substance satisfactory to the Purchaser;
- (i) a non-competition agreement (a “**Non-Competition Agreement**”) duly executed by Guido Ganschow, Pawan Sivaraman and such other key Employees or consultants identified by the Purchaser in writing, each in form and substance satisfactory to the Purchaser;
- (j) the minute books, share certificate books and corporate seal (if any) of the Acquired Companies; and
- (k) such other documents as may be reasonably necessary and consistent with the terms of this Agreement in order to complete the transactions contemplated herein.

If any of the foregoing conditions in this Article VIII have not been fulfilled by Closing, the Purchaser may terminate this Agreement by notice in writing to the Vendors, in which event the Purchaser is released from all of its obligations under this Agreement, and unless the Purchaser can show that the condition relied upon could easily have been performed by the Vendors, the Vendors are also released from all of its obligations under this Agreement. Notwithstanding the foregoing, the Purchaser may waive compliance with any condition in whole or in part if it sees fit to do so, without prejudice to its rights of termination in the event of non-fulfillment of any other condition, in whole or in part, to its rights to recover damages for the breach of any representation, warranty, covenant or condition contained in this Agreement.

## **ARTICLE IX CONDITIONS OF CLOSING IN FAVOUR OF THE VENDORS**

The obligation of the Vendors to sell the Purchased Shares is subject to the fulfillment, performance and satisfaction of, or compliance with, each of the following conditions precedent (each of which is acknowledged to be inserted for the exclusive benefit of the Vendors and may be waived by the Vendors in whole or in part).

### **9.1 Truth and Accuracy of Representations and Warranties**

Each of the representations and warranties of the Purchaser made in or pursuant to this Agreement shall be true and correct at the Closing Time with the same force and effect as if made at and as of the Closing Time, other than representations and warranties that speak of a specific date or time (in which case such representations and warranties shall be true and correct in all respects on and as of such date or time), and the Purchaser shall have delivered to the Vendors at the Closing a

duly executed certificate dated the Closing Date confirming the truth and correctness of the representations and warranties made by the Purchaser. The receipt of such certificate and the Closing of the transaction of purchase and sale provided for in this Agreement shall not be deemed to be a waiver of the representations and warranties contained in this Agreement, which representations and warranties shall continue in full force and effect for the benefit of the Vendors as provided in Article VII.

## **9.2 Performance of Covenants**

The Purchaser shall have performed and complied with each obligation, agreement and covenant in this Agreement required to be performed or complied with by it under this Agreement or any other agreement or document contemplated by this Agreement at or prior to the Closing. The Purchaser shall have delivered to the Vendors at the Closing a duly executed certificate to such effect.

## **9.3 Authorizations, Consents and Approvals**

All Governmental Authorizations, actions, approvals, orders and consents of, or declarations or filings with, or expirations or terminations of waiting periods imposed by any Governmental Authority or other Person necessary to effect the transactions contemplated by this Agreement or any other agreement or document contemplated by this Agreement, shall have occurred, been filed or obtained, as the case may be, including, without limitation, the TSXV Acceptance.

## **9.4 Legal Impediments**

- (a) There shall not be in effect on the Closing Date any Laws or Claim restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transaction contemplated in this Agreement; and
- (b) There shall not be pending or threatened on the Closing Date any Claim or any other action in, before or by any Governmental Authority or any other Person (including a party hereto) which could reasonably be expected to result in the issuance of any order, or the enactment, promulgation or deemed applicability to the Purchaser, any of the Vendors, any of the Acquired Companies or the Business, or any transaction contemplated by this Agreement or any of the agreements or documents contemplated by this Agreement, to restrain or prohibit the completion of the transactions contemplated by this Agreement or to prevent or restrain the Purchaser from acquiring the Purchased Shares or the Acquired Companies from carrying on the Business as presently carried on.

## **9.5 Conversion of Playgon Debentures**

Each of the Playgon Debenture Holders, will have entered into a Conversion and Sale Agreement with the Company pursuant to which they will have agreed to (i) convert the amounts owing to them under the Playgon Debentures into Debenture Shares at a price per share equal to the price per share at which the Purchased Shares are being purchased less a 30% discount and (ii) sell the Debenture Shares to the Purchaser pursuant to the terms of this Agreement.

## 9.6 Receipt of Closing Documents

- (a) The Purchaser shall have delivered to the Vendors:
  - (i) the Promissory Note in accordance with Section 2.3(a)(iii);
  - (ii) a certificate dated within 2 days before the Closing Date from the appropriate office of the jurisdiction of organization of the Purchaser, certifying that the Purchaser is validly existing and in good standing under the laws of such jurisdiction;
  - (iii) a certificate of a senior officer of the Purchaser (in such capacity and without personal liability), in form and substance reasonably satisfactory to the Vendors certifying: (i) as to the articles of the Purchaser; (ii) that the board of directors (and, if required, shareholders) of the Purchaser has adopted resolutions (in a form attached to such certificate) authorizing the execution, delivery and performance of this Agreement and the transactions contemplated herein, which resolutions are in full force and effect and have not been superseded, amended or modified as of the Closing Date; and (iii) as to the incumbency and signatures of the officers of the Purchaser executing this Agreement and the other transaction documents contemplated herein;
  - (iv) the Indemnity Escrow Agreement duly executed by the Purchaser;
  - (v) the Release Escrow Agreement duly executed by the Purchaser;
  - (vi) such other documents as may be reasonably necessary and consistent with the terms of this Agreement in order to complete the transactions contemplated herein; and
  - (vii) the Side Letter Agreement duly executed by the Purchaser.
- (b) The Purchaser shall deliver to the Escrow Agent certificates representing the Consideration Shares in accordance with Article II.

If any of the foregoing conditions in this Article IX have not been fulfilled by Closing, the Vendors may terminate this Agreement by notice in writing to the Purchaser, in which event the Vendors are released from all of their obligations under this Agreement, and unless the Vendors can show that the condition relied upon could easily have been performed by the Purchaser, the Purchaser is also released from all of its obligations under this Agreement. Notwithstanding the foregoing, the Vendors may waive compliance with any condition in whole or in part if it sees fit to do so, without prejudice to its rights of termination in the event of non-fulfillment of any other condition, in whole or in part, to its rights to recover damages for the breach of any representation, warranty, covenant or condition contained in this Agreement.

## **ARTICLE X TERMINATION AND ABANDONMENT**

### **10.1 Termination**

This Agreement may be terminated and the transactions contemplated hereby may be abandoned, at any time prior to the Closing:

- (a) by mutual consent of the Vendors' Representative and the Purchaser;
- (b) by either the Vendors' Representative or the Purchaser, if the Closing shall not have occurred by January 15, 2020, provided that the right to terminate this Agreement under this Section 10.1(b) shall not be available to the Vendors' Representative if a Vendor's failure to fulfill any obligation under this Agreement shall be the cause of the failure of the Closing to occur on or before such date nor shall it be available to the Purchaser if the Purchaser's failure to fulfill any obligation under this Agreement shall be the cause of the failure of the Closing to occur on or before such date;
- (c) by either the Vendors' Representative, on the one hand, or the Purchaser, on the other hand, if there has been a breach of any covenant or a breach of any representation or warranty of the Purchaser or any of the Vendors and/or the Company, respectively, which breach would cause the failure of any condition precedent set forth in Article VIII or Article IX, as the case may be, provided that any such breach of a covenant or representation or warranty has not been cured within 10 Business Days following receipt by the breaching party of written notice of such breach;
- (d) by either the Vendors' Representative, on the one hand, or the Purchaser on the other hand, if any of the conditions in favour of the Vendors or the Purchaser, respectively, have not been fulfilled or waived by the Vendors' Representative or the Purchaser, respectively;
- (e) by either the Vendors' Representative or the Purchaser, if there shall be any Law of any Governmental Authority that makes consummation of the transactions contemplated hereby illegal or otherwise prohibited or if any order of any Governmental Authority prohibiting such transactions is entered and such order shall become final and non-appealable;
- (f) by the Purchaser if there has been a Material Adverse Change with respect to the Company or the Business; or
- (g) by the Vendors' Representative, if the Purchaser issues the GDFSI Shares in the Purchaser Financing for a price less than \$0.15 per share.

### **10.2 Effect of Termination.**

If this Agreement is terminated pursuant to Section 10.1 by the Purchaser, on the one hand, or the Vendors' Representative, on the other hand, written notice thereof shall be given to the other Party

specifying the provision of Section 10.1 pursuant to which such termination is made, and this Agreement shall be terminated and there shall be no liability hereunder on the part of the Purchaser or the Vendors, except that the provisions of Sections 1.5, 6.2(b), 10.1, 10.2, 11.6, 11.8 and 11.9 shall survive any termination of this Agreement. Nothing in this Section 10.2 shall relieve any Party of liability for any wilful breach of this Agreement.

## **ARTICLE XI GENERAL**

### **11.1 Vendors' Representative**

- (a) The Parties acknowledge that Guido Ganschow (the “**Vendors' Representative**”) is appointed as the representative of the Vendors to act on their behalf for purposes of granting or withholding any approvals, waivers or consents of the Vendors pursuant to this Agreement and, except as provided in Section 11.1(d), for delivery of Notices under this Agreement. Purchaser shall be entitled to rely on any approval, waiver or consent given by the Vendors' Representative as constituting the approval, waiver or consent of all the Vendors, and, except as provided in Section 11.1(d), where this Agreement specifies that Notices or other documents are to be sent to Vendors, Purchaser shall be entitled to provide Notices and/or documents only to the Vendors' Representative.
  
- (b) Without limiting the generality of Section 11.1(a), each Vendor hereby irrevocably nominates, constitutes and appoints Guido Ganschow, or any successor Vendors' Representative appointed in accordance with the provisions of Section 11.1(d) below, as the Vendors' Representative and true and lawful attorney to act on such Vendor's behalf with full power and authority in such Vendor's name, place and stead, to execute and deliver as and when required in the opinion of Vendors' Representative, all approvals, waivers, consents, agreements or documents to be delivered pursuant to Article VII in connection with indemnity claims, or otherwise contemplated by Article II. The Vendors' Representative shall have the exclusive right to adjust or settle any indemnity claim brought under Article VII or disagreement or determination under Article II on behalf of Vendors and shall have the right to control any litigation relating thereto as it relates to Vendors hereunder. The power of attorney granted herein is irrevocable without the consent of the Vendors' Representative and is a power coupled with an interest and shall survive and may be exercised before, during and after, and notwithstanding the insolvency of, any Vendor and may be exercised by the Vendors' Representative on behalf of Vendors by signing separately as attorney-in-fact for Vendors, or any of them. Vendors agree to be bound by any actions made or taken by the Vendors' Representative hereunder, provided that the Vendors' Representative has acted honestly and in good faith, and each Vendor hereby waives any and all defences which may be available to any of them to contest, negate or disaffirm any action of the Vendors' Representative taken honestly and in good faith under this power of attorney.

- (c) If the Vendors' Representative becomes unwilling or unable to act as the Vendors' Representative (the "**Unwilling Agent**"), the Unwilling Agent (or, if applicable, his or her estate or personal representative) shall, by written notice to Purchaser and Vendors delivered within 10 Business Days of the date that the Unwilling Agent becomes unwilling or unable to act as a Vendors' Representative, appoint another individual Vendor to act as Vendors' Representative in his stead, and that individual shall be entitled to the rights and protections contemplated by this Section 11.1, and all Vendors shall be bound by such appointment. If a replacement Vendors' Representative is not appointed within the 10 Business Day period, the Unwilling Agent shall act as the Vendors' Representative until the replacement is appointed and, during such time, the Parties and their respective professional advisors shall be entitled to rely upon a written document signed by the Vendors' Representative without further investigation or inquiry, which written document shall refer to this agreement and indicate that the decision or action authorized thereby has been made, authorized and/or approved by such party in his capacity as sole Vendors' Representative.
- (d) Notwithstanding the foregoing, the Vendors' Representative shall not represent Vendors for purposes of receiving payments or making any Tax filings or, in relation to any single Vendor, receiving Notices to the extent such Seller is specifically identified as having an entitlement to receive Notices thereunder.
- (e) For the purposes of this Agreement, the Vendors' Representative shall act by written document signed by him at the relevant time, which written document shall refer to this Agreement and indicate that the decision or action authorized thereby has been made, authorized and/or approved by such party in his capacity as Vendors' Representative. The Parties and their respective professional advisors shall be entitled to rely upon such written document without further investigation or inquiry.

## 11.2 Notices

All notices, requests, demands or other communications required or permitted to be given by one Party to another under this Agreement (each, a "**Notice**") shall be given in writing and delivered by personal delivery or delivery by recognized national courier, sent by facsimile transmission or delivered by registered mail, postage prepaid, or by electronic communication (including e-mail but excluding Internet or intranet websites addressed as follows:

- (a) If to the Purchaser:

1090 West Georgia Street, Suite 1305  
Vancouver, BC  
V6E 3V7

Attention: Darcy Krogh  
E-mail: [dkrogh@gdfsi.com](mailto:dkrogh@gdfsi.com)

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

Meretsky Law Firm  
121 King Street West, Suite 2150  
Toronto, ON  
M5H 3T9

Attention: Jason D. Meretsky  
Facsimile: 416.943.0811  
E-mail: [jason@meretsky.com](mailto:jason@meretsky.com)

(b) If to a Vendor:

Playgon Interactive Inc.  
1500 Georgia Street, Suite 656  
Vancouver, BC  
V6G2Z6

Attention: Guido Ganschow  
E-mail: [guido@playgon.com](mailto:guido@playgon.com)

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

Osler, Hoskin & Harcourt LLP  
1055 West Hastings Street  
Suite 1700, The Guinness Tower  
Vancouver, BC  
V6E 2E9

Attention: Justin Young  
Facsimile: 778.785.2745  
E-mail: [jyoung@osler.com](mailto:jyoung@osler.com)

(c) If to the Company:

1500 Georgia Street, Suite 656  
Vancouver, BC  
V6G 2Z6

Attention: Guido Ganschow  
E-mail: [guido@playgon.com](mailto:guido@playgon.com)

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

Osler, Hoskin & Harcourt LLP  
1055 West Hastings Street  
Suite 1700, The Guinness Tower  
Vancouver, BC  
V6E 2E9

Attention: Justin Young  
Facsimile: 778.785.2745  
E-mail: jyoung@osler.com

or at such other address or facsimile number or e-mail address at which the addressee may from time to time notify the addressor. Any Notice delivered by personal delivery or by courier to the Party to whom it is addressed as provided above shall be deemed to have been given and received on the day it is so delivered at such address. If such day is not a Business Day, or if the Notice is received after 4:00 p.m. (addressee's local time), then the Notice shall be deemed to have been given and received on the next Business Day. Any Notice sent by prepaid registered mail shall be deemed to have been given and received on the fourth Business Day following the date of its mailing. Any Notice transmitted by facsimile shall be deemed to have been given and received on the day in which transmission is confirmed. If such day is not a Business Day or if the facsimile transmission is received after 4:00 p.m. (addressee's local time), then the Notice shall be deemed to have been given and received on the first Business Day after its transmission. Notices sent to an e-mail address shall be deemed to be received upon the sender's delivery to the recipient, provided that if such Notice is not sent on a Business Day or is sent after 4:00 p.m. (addressee's local time) on a Business Day, such Notice shall be deemed to have been given and received on the first Business Day after its transmission.

### **11.3 Amendment and Waivers**

Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Purchaser and the holders of a majority of the Purchased Shares held by the Vendors. Any amendment or waiver effected in accordance with this Section 11.3 shall be binding upon the Vendors, the Purchaser and the Company. No indulgence, forbearance or other accommodation by a Party shall constitute a waiver of such Party's right to insist on performance in full and in a timely manner of all covenants in this Agreement or in any document delivered pursuant to this Agreement. Waiver of any provision shall not be deemed to waive the same provision thereafter, or any other provision of this Agreement at any time.

### **11.4 Severability**

If any provision of this Agreement or portion thereof or the application thereof to any Person or circumstance shall to any extent be illegal, invalid or unenforceable: (a) the remainder of this Agreement or the application of such provision or portion thereof to any other Person or circumstance shall not be affected thereby; and (b) the Parties will negotiate in good faith to amend this Agreement to implement the intentions set forth in this Agreement. If the Parties cannot agree on an appropriate amendment, any Party may refer the matter for determination pursuant to and in accordance with Section 7.12. Each provision of this Agreement shall be legal, valid and enforceable to the fullest extent permitted by law.

### **11.5 Assignment and Enurement**

Neither this Agreement nor any benefits or burdens under this Agreement shall be assignable by any Party, without the prior written consent of each of the other Parties, which consent shall not be unreasonably withheld or delayed. Subject to the foregoing, this Agreement shall enure to the

benefit of and be binding upon the Parties and their respective successors and permitted assigns hereunder.

### **11.6 Expenses**

Each Party to this Agreement shall pay its respective legal, accounting and other professional advisory fees, costs and expenses incurred in connection with the negotiation, preparation and execution of this Agreement and all documents and instruments executed or delivered pursuant to this Agreement, as well as any other fees, costs and expenses incurred, unless otherwise specifically set out in this Agreement. Notwithstanding the foregoing, in the event that the Closing does not occur as a result of the Purchaser failing to complete the Purchaser Financing, the Purchaser shall be required to pay \$100,000 of the legal fees and other reasonable out-of-pocket expenses incurred by the Company in connection with the negotiation, preparation and execution of this Agreement and all documents and instruments executed or delivered pursuant to this Agreement.

### **11.7 Further Assurances**

The Parties shall do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

### **11.8 Jurisdiction**

Each of the Parties to this Agreement irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of British Columbia, in the City of Vancouver.

### **11.9 Service**

If any party is or becomes a party on which service or legal process with respect to an action commenced in the Province of British Columbia must be served out of the jurisdiction of the Province of British Columbia (an “**Ex Juris Party**”), the Ex Juris Party shall in writing to the other party designate, appoint and empower a party or agent within the Province of British Columbia to receive for and on behalf of the Ex Juris Party service of process in the Province of British Columbia in any legal action or proceeding with respect to this Agreement, which agent shall undertake to enter an unconditional appearance within 30 days after such service. A copy of such process served on the agent will be promptly forwarded by mail by the party initiating such proceedings to the Ex Juris Party at the address referred to in the next sentence. Failure of the Ex Juris Party to receive such copy shall not affect in any way the service of such process on the Ex Juris Party by service upon its agent for service as designated above. Each party agrees that if it becomes an Ex Juris Party and it fails to maintain such a duly appointed agent for service of process, it irrevocably consents to the service of process out of any court of the Province of British Columbia by mailing all copies of such process by registered or certified mail, postage prepaid to the last address designated for delivery of notice to such Ex Juris Party under the terms of Section 11.2, such service to be effective 30 days after such mailing. The mailing to such Ex Juris Party at such address shall be deemed personal service and acceptance of service by such Ex Juris Party for any action or proceeding with respect to any matter relating to this Agreement. Service in

accordance with the foregoing provisions shall not preclude any other manner of service permitted by British Columbia law.

#### **11.10 Public Notices**

All public notices to third parties and all other publicity concerning the matters contemplated by this Agreement shall be jointly planned and coordinated by the Parties and no Party shall act unilaterally in this regard without the prior written approval of the other Parties, except where the Party making such notice is required to do so by Law or any Governmental Authority, or any stock exchange, in circumstances where prior consultation with the other Parties is not practicable.

#### **11.11 Third Party Beneficiaries**

Except as otherwise provided in Section 7.4, the Parties intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties. Except for the Indemnified Parties, no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum. Despite the foregoing, the Vendors acknowledge to each of the Purchaser Indemnified Parties their direct rights against it under Section 7.4 of this Agreement and the Purchaser acknowledges to each of the Vendor Indemnified Parties their direct rights against it under Section 7.4 of this Agreement. To the extent required by Law to give full effect to these direct rights, the Vendors and the Purchaser agree and acknowledge that they are acting as agent and/or as trustee of their respective Indemnified Parties. The Parties reserve their right to vary or rescind the rights at any time and in any way whatsoever, if any, granted by or under this Agreement to any Person who is not a Party, without notice to or consent of that Person, including any Indemnified Parties.

#### **11.12 Non-Merger**

Except as otherwise expressly provided in this Agreement, the representations, warranties, covenants and agreements shall not merge on and shall survive Closing and, notwithstanding Closing or any investigation made by or on behalf of any party, shall continue in full force and effect.

#### **11.13 No Presumption**

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favouring or disfavoring either Party by virtue of the authorship of any provision of this Agreement or the payment of any legal services associated therewith.

#### **11.14 Waiver of Jury Trial**

Each of the Parties hereby waives, to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in respect of any litigation as between the Parties directly or indirectly arising out of under or in connection with this Agreement or the transactions contemplated hereby or disputes relating hereto. Each of the Parties (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other

party have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 11.14.

#### **11.15 Execution by Electronic Transmission**

The signature of any of the Parties may be evidenced by any electronic means including facsimile, portable document format, DocuSign or any other method of internet transmission capable of producing a copy of this Agreement bearing such signature.

#### **11.16 Counterparts**

This Agreement may be signed in one or more counterparts, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument. Notwithstanding the date of execution or transmission of any counterpart, each counterpart shall be deemed to have the effective date first written above.

*[Remainder of page intentionally left blank.]*





## **Exhibit 8.8 – Conversion and Sale Agreement**

### **CONVERSION OF DEBT AND SALE OF SHARES AGREEMENT**

**THIS AGREEMENT** is made as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ between **PLAYGON INTERACTIVE INC.**, a corporation existing under the laws of the Province of British Columbia (the “**Corporation**”), **GLOBAL DAILY FANTASY SPORTS INC.** a corporation existing under the laws of the Province of British Columbia (the “**Purchaser**”), and \_\_\_\_\_ (the “**Holder**”).

#### **RECITALS:**

- A. The Purchaser has entered into a Share Purchase Agreement dated November 21, 2019 (the “**Purchase Agreement**”) with the Corporation and its existing shareholders (the “**Existing Shareholders**”) pursuant to which the Corporation will acquire all of the outstanding shares of the Corporation (other than those shares to be issued in connection with the conversion of the Debentures, as defined below) on the terms set forth therein (the “**Transaction**”).
- B. The Purchase Agreement contemplates that (i) the Existing Shareholders will exchange their shares of the Corporation for shares of the Purchaser at an ascribed price of CAD\$0.15 per share, and (ii) consummation of the Transaction is subject to completion of a financing by the Purchaser for proceeds of not less than CAD\$5,000,000 at a price of at least CAD\$0.15 per share.
- C. Pursuant to a convertible debenture (the “**Debenture**”) dated as of \_\_\_\_\_ issued by the Corporation and held by the Holder, the Corporation is indebted to the Holder in the amount of CAD\$ \_\_\_\_\_, inclusive of all accrued interest (the “**Indebtedness**”).
- D. The Corporation and the Holder wish to settle all amounts owing by the Corporation to the Holder under the Debenture by converting the Indebtedness into \_\_\_\_\_ common shares of the Corporation (the “**Payment Shares**”) at a price of CAD\$ \_\_\_\_\_ per share (the “**Conversion Price**”) as payment in full of the Indebtedness.
- E. Contemporaneous with the closing of the Transaction, the Holder shall sell and the Purchaser shall purchase all of the Payment Shares on the terms set forth herein.

**NOW THEREFORE**, in consideration of the respective covenants and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

#### **1. Conversion of Indebtedness and Issuance of Payment Shares**

- (a) Subject to the terms and conditions of this Agreement, the Holder hereby agrees to convert the Indebtedness into the Payment Shares at the Conversion Price, as payment in full of the Indebtedness.

- (b) The closing of the conversion of the Indebtedness, the issuance of the Payment Shares shall occur contemporaneous with the closing of the Transaction or such earlier or later date as may be determined by the Purchaser (the “**Closing Date**”) and shall be subject to receipt of all necessary corporate and regulatory approval.
- (c) The Holder hereby directs the Corporation to register and deliver the Payment Shares in the same manner as the Debenture is currently registered or, in the alternative, in accordance with the instructions attached hereto as Schedule 1.
- (d) Notwithstanding anything to the contrary in the Debenture or any other documents or agreements relating to the Indebtedness (the “**Loan Documents**”), as at the date hereof, (i) the Indebtedness shall have been satisfied in accordance with the terms hereof; (ii) all obligations of the Corporation with respect to the Indebtedness shall be fully satisfied by the issuance to the Holder of the Payment Shares; and (iii) the Indebtedness shall be deemed cancelled and discharged, without need for surrender thereof.
- (e) The terms of this Agreement shall, in the event of any conflict with the terms of the Loan Documents, supersede such conflicting terms contained in the Loan Documents and, for the avoidance of doubt, the Holders and the Corporation hereby agree that the Loan Documents are hereby amended to give effect to the foregoing.

## 2. Sale of Payment Shares to the Purchaser

- (a) Subject to the terms and conditions of this Agreement, the Holder hereby agrees to sell, assign and transfer to the Purchaser the Payment Shares in exchange for \_\_\_\_\_ common shares in the capital of the Purchaser (the “**Exchanged Shares**”).
- (b) The Holder hereby transfers and assigns, in favour of the Purchaser, all right, title and interest of the Holder in or to the Payment Shares and, for greater certainty, the Holder hereby specifically and irrevocably agrees that it shall have no right or benefit to the Payment Shares, regardless of whether the share certificates in respect thereof exist and whether such certificates are endorsed for transfer.
- (c) The Purchaser shall deliver to the Holder one or more certificates representing the Exchanged Shares as provided for in Section 2(a) upon surrender of the Payment Shares.
- (d) Subject to the limitations and conditions set out in Section 2(e), (f) and (g) below, at the request of any of the Holder, the Purchaser will make a joint election or elections under subsection 85(1) of the *Income Tax Act* (Canada) as it may be amended from time to time and the Regulations promulgated thereunder (the “**Tax Act**”) and the corresponding provisions of any applicable provincial tax statute with such Holder with respect to the exchange of any or all of the Payment Shares by such Holder to Exchanged Shares (collectively, the “**Rollover Shares**”) at the amount elected by such Holder, subject to the limitations set forth in the Tax Act and the corresponding provisions of any applicable provincial tax statute. The

Purchaser shall not be responsible for the proper completion or filing of any election form (other than with respect to the information relating to the Purchaser) and each such Holder will be solely responsible for the payment of any late filing penalties, unless such late filing penalties are as a result of a breach of the Purchaser's obligations hereunder, in which case such late filing penalties shall be borne solely by the Purchaser. The Purchaser agrees to complete and execute any election form that appears correct and complete and forward and deliver such signed election form within 15 days after the receipt thereof to the relevant Holder or its duly authorized agent.

- (e) In order to make an election, the requesting Holder will provide the Purchaser with two signed copies of the appropriate election form(s), duly completed with the details of the number and class of Rollover Shares under subsection 85(1) of the Tax Act and the corresponding provisions of any applicable provincial tax statute and the elected amount for the purposes of such election(s) to be made in respect of the Rollover Shares. Such election form(s) will be duly signed by the Purchaser and returned, within 15 days after the receipt thereof or such later date as such Holder and the Purchaser may agree, to such Holder or his duly authorized agent, for filing by such Holder with the Canada Revenue Agency (and with the relevant provincial tax authority, where applicable). The amount to be so elected shall be an amount determined by such Holder at its sole discretion, subject to the limitations set forth in the Tax Act and the corresponding provisions of any applicable provincial tax statute (the "**Elected Amount**"),
- (f) If a Holder subsequently determines to revise the elected amount (the "**Adjusted Elected Amount**") to an amount that is more or less than the Elected Amount, then the Purchaser will execute a revised election under the provisions of subsection 85(1) of the Tax Act and the corresponding provisions of any applicable provincial tax statute to give effect to such Vendor's intention that the Elected Amount is to be equal to the Adjusted Elected Amount, provided that the Adjusted Elected Amount also complies with the restrictions set out in this Section 2(e). The Purchaser agrees to execute any revised election form that appears correct and complete and to forward such signed election form (within 15 days after the receipt thereof) to the relevant Holder or his or her duly authorized agent.
- (g) With the exception of the execution of any election form by the Purchaser and completion of the information relating to the Purchaser within the time periods provided for herein, compliance with the requirements for a valid election will be the sole responsibility of the Holder making the election. Accordingly, except as provided herein, Purchaser shall not be responsible or liable for any taxes, damages or expenses resulting from the failure by anyone to properly complete any election form or to properly file such election form within the time prescribed and in the form prescribed under the Tax Act and the corresponding provisions of any applicable provincial tax statute.

### 3. Representations, Warranties and Covenants

- (a) The Holder hereby represents, warrants, confirms and acknowledges to each of the Corporation and the Purchaser as follows and hereby acknowledges and confirms that the Corporation is relying on such representations and warranties in connection with the conversion of the Indebtedness and the issue of the Payment Shares and the subsequent purchase of the Payment Shares by the Purchaser:
- (i) If the Holder is not an individual, the Holder has the requisite power, authority, legal capacity and competence to execute, deliver and be bound by this Agreement, to perform all of its obligations hereunder and to undertake all actions required of the Holder hereunder, all necessary approvals of its directors, partners, shareholders, trustees or otherwise with respect to such matters have been given or obtained and the individual signing this Agreement has been duly authorized.
  - (ii) If the Holder is a body corporate, the Holder is incorporated and validly subsisting under the laws of its jurisdiction of incorporation.
  - (iii) Immediately prior to the conversion of the Indebtedness, Recital C is true and correct and no other amounts of any kind is owing under the Debenture.
  - (iv) The Debenture is beneficially held by the Holder with good and marketable title thereto, free and clear of all mortgages, liens, charges, pledges, claims, security interests and other encumbrances whatsoever.
  - (v) No person, firm or corporation has any agreement (other than this Agreement) or option or right capable of becoming an agreement or option to acquire the Debenture from the Holder.
  - (vi) The Holder is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).
  - (vii) Immediately prior to the conversion of the Indebtedness, the Holder does not have beneficial ownership of, or control or direction over, directly or indirectly, over any shares of the Corporation.
  - (viii) The execution and delivery of this Agreement, the performance and compliance with the terms hereof, and the completion of the transactions contemplated hereby will not result in any material breach of, or be in conflict with or constitute a material default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a material default under any term or provision of the constating documents, by-laws or resolutions of the Holder (if not an individual), all applicable securities laws and regulations, and all written instruments, rules and orders having the force of law of the securities regulators or regulatory authorities thereunder and the rules of the TSXV (as defined below) (collectively, “**Securities Laws**”) or any other applicable law, any agreement to which

the Holder is a party or any applicable regulation, judgment, decree, order or ruling.

- (ix) The Holder acknowledges that the Corporation and/or the Purchaser may be required by law to disclose to applicable securities regulatory authorities or stock exchanges information concerning the identity of the Holder.
- (x) The Holder understands that the issuance of the Payment Shares and the Exchanged Shares is conditional upon such issuances being exempt from the requirements to file and obtain a receipt for a prospectus or registration statement or to deliver an offering memorandum, and no prospectus or registration statement has been filed by the Corporation or the Purchaser with any securities commission or similar regulatory authority in any jurisdiction in connection with the issuance of the Payment Shares or the Exchanged Shares. As a result of acquiring the Payment Shares and subsequently the Exchanged Shares pursuant to such exemptions:
  - (1) the Holder may be restricted from using some of the protections, rights and remedies otherwise available under Securities Laws, including statutory rights of rescission or damages in the event of a misrepresentation;
  - (2) the Holder may not receive information that would otherwise be required to be provided to it under Securities Laws; and
  - (3) each of the Corporation and Purchaser is relieved from certain obligations that would otherwise apply under Securities Laws.
- (xi) The Holder has not received or been provided with a prospectus, registration statement or offering memorandum, within the meaning of Securities Laws, or any sales or advertising literature in connection with the Payment Shares or the Exchanged Shares. The Holder's decision to convert the Indebtedness into Payment Shares and exchange the Payment Shares for the Exchanged Shares was not based upon, and the Holder has not relied upon, any verbal or written representations as to fact made by or on behalf of the Corporation or the Purchaser and its directors, officers, employees, agents and representatives. The Holder's decision to convert the Indebtedness into Payment Shares and exchange the Payment Shares for the Exchanged Shares was based solely upon this Agreement, and information about the Purchaser which is publicly available (any such information having been obtained by the Holder without independent investigation or verification by the Corporation or the Purchaser).
- (xii) Except for the Holder's knowledge regarding the Transaction, conversion of the Indebtedness into Payment Shares and the exchange of the Payment Shares for Exchanged Shares hereunder, the Holder has no knowledge of a "material fact" or a "material change" (as those terms are defined in

applicable Securities Laws) in the affairs of the Corporation or the Purchaser that has not been generally disclosed.

- (xiii) The Holder confirms that the Holder:
  - (1) has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Exchanged Shares;
  - (2) is capable of assessing the proposed investment in the Exchanged Shares as a result of the Holder's own experience or as a result of advice received from a person registered under applicable Securities Laws;
  - (3) is aware of the characteristics of the Exchanged Shares and the risks relating to an investment therein; and
  - (4) is able to bear the economic risk of loss of its investment in the Exchanged Shares;
- (xiv) The Holder understands that no securities commission, stock exchange, governmental agency, regulatory body or similar authority has made any finding or determination or expressed any opinion with respect to the merits of investing in the Exchanged Shares nor is there any government or other insurance covering the Exchanged Shares.
- (xv) The Holder confirms that neither the Corporation, the Purchaser nor any of their directors, employees, officers, representatives, agents or affiliates have made any representations (written or oral) to the Holder:
  - (1) regarding the future value of the Exchanged Shares;
  - (2) that any person will resell or repurchase Exchanged Shares; or
  - (3) that any person will refund the purchase price of the Payment Shares or the Exchanged Shares.
- (xvi) The Holder understands that it may not be able to resell the Exchanged Shares except in accordance with limited exemptions available under applicable Securities Laws, and that the Holder is solely responsible for (and neither the Corporation nor the Purchaser is in any way responsible for) the Holder's compliance with applicable resale restrictions. The Holder will comply with all applicable Securities Laws concerning the subscription, purchase, holding and resale of the Exchanged Shares and will not resell any of the Exchanged Shares except in accordance with the provisions of applicable Securities Laws.

- (xvii) The Exchanged Shares will bear a legend substantially in the following form:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE <insert date that is four (4) months and one (1) day after the Closing Date>.”

and, subject to the policies of the TSX Venture Exchange (the “TSXV”), may bear a legend substantially in the following form:

“WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL <insert date that is four (4) months and one (1) day after the Closing Date>.”

- (xviii) The Holder acknowledges and consents to the fact that the TSXV, its affiliates, authorized agents, subsidiaries and divisions collects personal information in certain information forms which are submitted to such organizations, and use such information for the following purposes:

- (1) (A) to conduct background checks, (B) to verify the personal information that has been provided about each individual, (C) to consider the suitability of the individual to act as an insider of an issuer, (D) to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the issuer, or its associates or affiliates, (E) to conduct enforcement proceedings, and (F) to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the TSXV, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada;
- (2) as part of the above-mentioned process, the TSXV also collects additional personal information from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, regulations services providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished; and

- (3) the personal information the TSXV collects may also be disclosed:
- (A) to the agencies and organizations in the preceding paragraph, or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above; and
  - (B) on the website of the TSXV or through printed materials published by or pursuant to the directions of the TSXV.

The Holder has reviewed the section entitled “Collection of Personal Information” immediately prior to the signature page of this Agreement and acknowledges and consents to the content thereof.

- (xix) If required by Securities Laws or by any securities commission, stock exchange or other regulatory authority, the Holder will execute, deliver, file and otherwise assist the Corporation or the Purchaser in filing, such reports, undertakings and other documents with respect to the conversion of the Indebtedness, the issuance of the Payment Shares and the subsequent sale and exchange of the Payment Shares for the Exchanged Shares.
- (xx) The Holder confirms that it is responsible for obtaining its own legal, tax, investment and other professional advice with respect to the execution, delivery and performance by it of this Agreement and the transactions contemplated hereunder including the suitability of the Exchanged Shares as an investment for the Holder, the tax consequences of acquiring and dealing with the Payment Shares and Exchanged Shares, and the resale restrictions and “hold periods” to which the Payment Shares and Exchanged Shares are or may be subject under Securities Laws. The Holder has not relied upon any statements made by or purporting to have been made on behalf of the Corporation or its counsel with respect to such matters.
- (xxi) The Holder acknowledges that the Corporation’s counsel is acting solely as counsel to the Corporation and the Purchaser’s counsel is acting solely as counsel to the Purchaser, and in each case not as counsel to the Holder.
- (xxii) The Holder is not engaged in the business of trading in securities or exchange contracts as a principal or agent and does not hold himself, herself or itself out as engaging in the business of trading in securities or exchange contracts as a principal or agent, or is otherwise exempt from any requirements to be registered as a dealer under National Instrument 31-103 – *Registration Requirements and Exemptions*.
- (xxiii) The Holder will not become a control person of the Corporation or the Purchaser by virtue of the conversion of the Indebtedness, the issuance of the Payment Shares and the subsequent sale and exchange of the Payment Shares for the Exchanged Shares hereunder and the Holder does not intend

to act in concert with any other person or persons to form a control group of the Corporation or the Purchaser.

- (xxiv) The Holder is a resident of, or the conversion of the Indebtedness into Payment Shares and the subsequent issuance of the Exchanged Shares to the Holder is otherwise subject to the securities legislation of one of the provinces of Canada. Such address was not created and is not used solely for the purpose of acquiring the Payment Shares and the Exchanged Shares and the Holder was solicited to purchase the Payment Shares and the Exchanged Shares in such jurisdiction.
  - (xxv) The Holder acknowledges that: (i) neither the Payment Shares nor the Exchanged Shares have been and will be registered under the *United States Securities Act of 1933*, as amended (the “**U.S. Securities Act**”) or the securities laws of any state of the United States, and (ii) the issuance of the Payment Shares and the Exchanged Shares contemplated hereby is being made in reliance on an exemption from such registration requirements in reliance on Rule 506(b) of Regulation D and/or Section 4(a)(2) of the U.S. Securities Act.
  - (xxvi) The information, representations, warranties and covenants contained herein will be true and correct both as of the date of execution of this Agreement and as of the time of closing.
  - (xxvii) The Holder is acquiring the Exchanged Shares as principal for the Holder’s own account and not for the benefit of any other person (within the meaning of applicable securities laws) and not with a view to the resale or distribution of all or any of the Exchanged Shares.
  - (xxviii) The Holder has not acquired the Payment Shares or the Exchanged Shares as a result of any form of general solicitation or general advertising (as such terms are used in Regulation D under the U.S. Securities Act), including, without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet, or broadcast over radio, internet, television or other form of telecommunications, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.
  - (xxix) The issuance of the Exchanged Shares by the Purchaser to the Holder requires the final approval of the TSXV.
- (b) The Corporation, the Purchaser and the Holder hereby represent and warrant each to the other that this Agreement has been duly executed and delivered by the respective party and is a valid and binding obligation enforceable in accordance with its terms.
  - (c) The parties shall do, or cause to be done, all acts, deeds and things necessary to complete the transaction of the conversion of the Indebtedness herein provided for

so that following closing, the Debenture and all amounts owing pursuant thereto shall be extinguished and the Holder or its nominee is the beneficial owner of the Payment Shares, and the Holder or its nominee is the beneficial owner of the Exchanged Shares.

#### 4. Release

- (a) The Holder hereby irrevocably and unconditionally releases and forever discharges the Corporation and its respective affiliates, and each of their respective current and former directors, officers, employees, shareholders, agents, contractors and insurers and each of their respective successors, assigns, heirs, executors, administrators and legal representatives (all such persons and entities being called the “**Releasees**”) of and from all manner of actions, causes of action, suits, demands, debts, accounts, fees, expenses, covenants, contracts, losses, damages of any and every kind and nature and all other claims whatsoever (a “**Claim**”) which the Holder or his, her or its successors, assigns, heirs, executors, administrators and legal representatives ever had, now has or may in the future have against any of the Releasees for or by reason of any, cause, matter or thing whatsoever existing up to and including the Closing Date, known or unknown, including, without limiting the generality of the foregoing, any Claim whatsoever relating to the Debenture, but excluding any Claims that the Holder may have against the Corporation in connection with the Transactions.
- (b) The Holder hereby represents, warrants and covenants that the Holder has not assigned and will not assign to any other person or entity any of the actions, causes of action, suits, demands, debts, accounts, covenants, contracts, damages and other claims which the Holder is releasing herein.
- (c) It is understood, agreed and hereby confirmed that the Holder will not make any claim or take any proceedings against any person, persons, Releasees, party or parties that may result in any potential or future cross claim, claim over or other claim against any of the Releasees in respect of any matter, allegation or claim that is released herein, including claims of contribution and indemnity. It is intended that this covenant benefits and is directly enforceable by each of the Releasees to the full extent permitted by law. For greater certainty, the Corporation declares that it holds all rights, benefits and interest of the release provided herein on behalf of each of the Releasees and each of the Releasees is entitled to, and may use the release herein provided Release as grounds for seeking dismissal of any proceeding against it involving a Claim made by the Holder, including those involving a claim of contribution or indemnity, without notice to or consent of the Holder.
- (d) The release herein provided shall be binding upon the Holder and the Holder’s successors, assigns, heirs, executors, administrators and legal representatives and shall enure to the benefit of the Releasees, including each and all of the Releasees’ successors, assigns, heirs, executors, administrators and legal representatives.

## 5. General

- (a) The covenants, representations and warranties herein contained shall survive the closing and shall continue in full force and effect for the respective benefit of the Corporation, the Purchaser and the Holder, as the case may be.
- (b) The Holder hereby acknowledges and confirms that the Holder has been advised that the Holder should obtain independent legal and tax advice in connection with the execution of this Agreement. The Holder hereby acknowledges and confirms that the Holder has had a full and fair opportunity to consider the terms contained in this Agreement, to seek independent legal and tax advice with respect to such terms, and that all such terms are reasonable and valid.
- (c) The signature of any of the parties may be evidenced by a facsimile, scanned e-mail or internet transmission copy of this Agreement bearing such signature. This Agreement may be signed in one or more counterparts, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.
- (d) This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and each party hereby attorns to the exclusive jurisdiction of the courts situate in the City of Vancouver, Province of British Columbia.
- (e) The provisions of this Agreement shall enure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

## COLLECTION OF PERSONAL INFORMATION

This Agreement and the schedules hereto require the Holder to provide certain personal information (respecting the Holder) (“**personal information**” and includes, “**personal information**” as that term is defined under applicable privacy legislation, including without limitation, the *Personal Information Protection and Electronic Documents Act* (Canada) (“**PIPEDA**”) and any other applicable similar replacement or supplemental provincial or federal legislation or laws and the policies of the TSXV in effect from time to time) to the Corporation. Such information is being collected for the purposes of completing the conversion of the Indebtedness into Payment Shares and the subsequent purchase of the Payment Shares by the Purchaser for the Exchanged Shares, which includes, without limitation, determining the eligibility of the Holder to acquire the Payment Shares and the Exchanged Shares under applicable securities laws, preparing and registering certificates representing the Payment Shares to be issued hereunder and completing filings required under applicable securities laws or by any stock exchange, the Investment Industry Regulatory Organization of Canada and/or securities regulatory authorities.

In addition, such personal information may be used or disclosed by the Corporation for the purpose of administering the Corporation’s relationship with the Holder. For example, such personal information may be used by the Corporation to communicate with the Holder (such as by providing annual or quarterly reports), to prepare tax filings and forms or to comply with its obligations under taxation, securities and other laws (such as maintaining a list of holders of shares).

In connection with the foregoing, the personal information of the Holder may be disclosed by the Corporation to: (i) any stock exchanges or securities regulatory or taxation authorities; (ii) the Corporation’s registrar and transfer agent (if applicable); and (iii) any of the other parties involved in the conversion of the Indebtedness into Payment Shares and the subsequent sale and exchange of the Payment Shares for the Exchanged Shares, including legal counsel, and may be included in record books prepared in respect of the transaction.

By executing this Agreement, the Holder hereby consents to the collection, use and disclosure by the Corporation and any of its authorized representatives of such personal information to enable the Corporation to fulfill its regulatory and reporting requirements and recognizes that this disclosure may result in the disclosure of some or all of such personal information becoming public information and, without limiting the foregoing, consents to the disclosure of such personal information to the Corporation and any of its other authorized representatives; securities commissions and/or other regulatory agencies in any jurisdiction in which the rules and requirements of such body may require such reporting; stock exchanges; publication on the SEDAR website; or as may be required or permitted by law.

In order to permit the Corporation to comply with the requirements of PIPEDA, the Holder expressly consents to the disclosure by the Corporation in any submission or filing that the Corporation may be required to make with any applicable regulatory authority or stock exchange of any personal information.

The Holder hereby acknowledges and agrees that the Holder (i) has been notified by the Corporation of the delivery to the securities regulatory authority or regulator of the personal information, that the personal information is being collected by the securities regulatory authority

or regulator under the authority granted in securities legislation, and that the personal information is being collected for the purposes of the administration and enforcement of the securities legislation of the local jurisdiction, and (ii) has authorized the indirect collection of the personal information by the securities regulatory authority or regulator.

The personal information will not be placed on the public file of any securities regulatory authority or regulator. However, freedom of information legislation may require the securities regulatory authority or regulator to make this information available if requested.

If the Holder has any questions about the collection and use of the personal information and/or the security regulatory authority's or regulator's indirect collection of the personal information, the Holder hereby acknowledges and agrees that the Holder has been notified to contact the securities regulatory authority or regulator in the local jurisdiction of the Holder, at the address(es) listed on Schedule 2.

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

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

**PLAYGON INTERACTIVE INC.**

Per: \_\_\_\_\_  
Name: Guido Ganschow  
Title: Chief Executive Officer

**GLOBAL DAILY FANTASY SPORTS INC.**

Per: \_\_\_\_\_  
Name: Darcy Krogh  
Title: Chief Executive Officer

If an individual:

\_\_\_\_\_  
**Witness:**

\_\_\_\_\_  
**Name (print):**

If a corporate entity:

\_\_\_\_\_  
*(Name of Holder)*

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

**SCHEDULE 1  
REGISTRATION AND DELIVERY INSTRUCTIONS**

**PAYMENT SHARES AND EXCHANGED SHARES**

**Account Registration Information**

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

Account Reference, if applicable: \_\_\_\_\_

Address, including Province and Postal Code: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone Number: \_\_\_\_\_

E-mail: \_\_\_\_\_

**Delivery Instructions**

- Same as account registration, or

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

Account Reference, if applicable: \_\_\_\_\_

Address, including Province and Postal Code: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Telephone Number: \_\_\_\_\_

**SCHEDULE 2**  
**CONTACT INFORMATION OF PUBLIC OFFICIALS REGARDING INDIRECT**  
**COLLECTION OF PERSONAL INFORMATION**

<p>Alberta Securities Commission  Suite 600, 250 – 5th Street SW  Calgary, Alberta T2P 0R4  Telephone: (403) 297-6454  Toll free in Canada: 1-877-355-0585  Facsimile: (403) 297-2082  Public official contact regarding indirect collection of information:  FOIP Coordinator</p>	<p>British Columbia Securities Commission  P.O. Box 10142, Pacific Centre  701 West Georgia Street  Vancouver, British Columbia V7Y 1L2  Inquiries: (604) 899-6854  Toll free in Canada: 1-800-373-6393  Facsimile: (604) 899-6581  Email: FOI-privacy@bcsc.bc.ca  Public official contact regarding indirect collection of information:  FOI Inquiries</p>
<p>The Manitoba Securities Commission  500 – 400 St. Mary Avenue  Winnipeg, Manitoba R3C 4K5  Telephone: (204) 945-2561  Toll free in Manitoba 1-800-655-5244  Facsimile: (204) 945-0330  Public official contact regarding indirect collection of information:  Director</p>	<p>Financial and Consumer Services Commission (New Brunswick)  85 Charlotte Street, Suite 300  Saint John, New Brunswick E2L 2J2  Telephone: (506) 658-3060  Toll free in Canada: 1-866-933-2222  Facsimile: (506) 658-3059  Email: info@fcnbc.ca  Public official contact regarding indirect collection of information:  Chief Executive Officer and Privacy Officer</p>
<p>Government of Newfoundland and Labrador  Financial Services Regulation Division  P.O. Box 8700  Confederation Building  2nd Floor, West Block  Prince Philip Drive  St. John's, Newfoundland and Labrador A1B 4J6  Attention: Director of Securities  Telephone: (709) 729-4189  Facsimile: (709) 729-6187  Public official contact regarding indirect collection of information:  Superintendent of Securities</p>	<p>Government of the Northwest Territories  Office of the Superintendent of Securities  P.O. Box 1320  Yellowknife, Northwest Territories X1A 2L9  Telephone: (867) 767-9305  Facsimile: (867) 873-0243  Public official contact regarding indirect collection of information:  Superintendent of Securities</p>
<p>Nova Scotia Securities Commission  Suite 400, 5251 Duke Street  Duke Tower  P.O. Box 458  Halifax, Nova Scotia B3J 2P8  Telephone: (902) 424-7768  Facsimile: (902) 424-4625  Public official contact regarding indirect collection of information:  Executive Director</p>	<p>Government of Nunavut  Department of Justice  Legal Registries Division  P.O. Box 1000, Station 570  1st Floor, Brown Building  Iqaluit, Nunavut X0A 0H0  Telephone: (867) 975-6590  Facsimile: (867) 975-6594  Public official contact regarding indirect collection of information:  Superintendent of Securities</p>
<p>Ontario Securities Commission  20 Queen Street West, 22nd Floor  Toronto, Ontario M5H 3S8  Telephone: (416) 593- 8314  Toll free in Canada: 1-877-785-1555  Facsimile: (416) 593-8122  Email: exemptmarketfilings@osc.gov.on.ca  Public official contact regarding indirect collection of information:  Inquiries Officer</p>	<p>Prince Edward Island Securities Office  95 Rochford Street, 4th Floor Shaw Building  P.O. Box 2000  Charlottetown, Prince Edward Island C1A 7N8  Telephone: (902) 368-4569  Facsimile: (902) 368-5283  Public official contact regarding indirect collection of information:  Superintendent of Securities</p>
<p>Autorité des marchés financiers  800, Square Victoria, 22e étage  C.P. 246, Tour de la Bourse  Montréal, Québec H4Z 1G3  Telephone: (514) 395-0337 or 1-877-525-0337  Facsimile: (514) 873-6155 (For filing purposes only)  Facsimile: (514) 864-6381 (For privacy requests only)  Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers);  fonds_dinvestissement@lautorite.qc.ca (For investment fund issuers)  Public official contact regarding indirect collection of information:  Secrétaire générale</p>	<p>Financial and Consumer Affairs Authority of Saskatchewan  Suite 601 - 1919 Saskatchewan Drive  Regina, Saskatchewan S4P 4H2  Telephone: (306) 787-5842  Facsimile: (306) 787-5899  Public official contact regarding indirect collection of information:  Director</p>

<p>Government of Yukon Department of Community Services Office of the Superintendent of Securities 307 Black Street Whitehorse, Yukon Y1A 2N1 Telephone: 867-667-5466 Facsimile: (867)393-6251 Email: securities@gov.yk.ca Public official contact regarding indirect collection of information: Superintendent of Securities</p>	
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## Exhibit 8.9 – Form of Promissory Note

### PLAYGON INTERACTIVE INC.

#### FORM OF PROMISSORY NOTE

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[Closing Date], 20•

**FOR VALUE RECEIVED, PLAYGON INTERACTIVE INC.** (the “**Issuer**”), a corporation incorporated under the *Business Corporations Act* (British Columbia), hereby acknowledges itself indebted to and promises to pay to or to the order of **[HOLDER]** (the “**Holder**”) the principal amount of • DOLLARS AND • CENTS in the lawful money of Canada (\$•) (the “**Principal Amount**”) together with interest, if any, calculated on the balance of the Principal Amount outstanding from time to time at a rate of 5.0% per annum, calculated quarterly in arrears, both before and after maturity, demand, default and judgment, and payable in accordance with Section 5 and 6 hereof.

#### 1. Definitions

In this Note, the terms defined below shall have the indicated meanings set forth below:

“**Available Cash Flow**” means an amount equal to 25% of free cash flow from operations of the business conducted by the GDFSFI, after deducting any expenses of GDFSFI, calculated on a fiscal quarterly basis.

“**Business Day**” means any day which is not a Saturday, a Sunday or a day observed as a statutory or civic holiday under the laws of the Province of British Columbia or the federal laws of Canada applicable therein, on which the principal commercial banks in the City of Vancouver, British Columbia are open for business.

“**Concurrent Note**” means the promissory notes, including this Note, issued in the same form, on or after the date hereof with an aggregate principal amount of up to \$1,321,250 on or about •, 20•.

“**GDFSFI**” means Global Daily Fantasy Sports Inc.

“**Holder Majority**” means the holders of Concurrent Notes representing at least a majority of the principal amount of the principal amount outstanding under the Concurrent Note.

“**Note**”, “**this Note**”, “**the Note**”, “**herein**”, “**hereby**”, “**hereof**”, “**hereunder**” and similar expressions mean this Promissory Note dated the date hereof by the Issuer in favour of the Holder, and all instruments amending or restating this Note. All references to “**Sections**”, mean and refer to the specified section of this Note.

“**Obligations**” means all liabilities and obligations owing by the Issuer to or in favour of the Holder under this Note, including for greater certainty the Principal Amount and any interest thereon.

“**Person**” means any natural person, sole proprietorship, partnership, syndicate, trust, joint venture, governmental authority or any incorporated or unincorporated entity or association of any nature.

“**Pro Rata Interest**” for the Holder, means the Holder’s percentage interest calculated as the Principal Amount, divided by \$1,321,250 multiplied by 100.

“**Transaction**” means the acquisition of the outstanding securities of the Issuer by GDFSI together with a concurrent financing by GDFSI for proceeds of not less than \$5,000,000.

## **2. Certain Rules of Interpretation**

In this Note:

- (a) **Time** – Time is of the essence in and of this Note.
- (b) **Calculation of Time** – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends. Where the last day of any such time period is not a Business Day, such time period shall be extended to the next Business Day following the day on which it would otherwise end.
- (c) **Business Days** – Whenever any action to be taken or payment to be made pursuant to this Note would otherwise be required to be made on a day that is not a Business Day, such action shall be taken or such payment shall be made on the first Business Day following such day.
- (d) **Currency** – Unless otherwise specified, all references to amounts of money in this Note refer to the lawful currency of Canada.
- (e) **Plurals and Gender** – The use of words in the singular or plural, or referring to a particular gender, shall not limit the scope or exclude the application of any provision of this Note to such Persons or circumstances as the context otherwise permits.

## **3. Applicable Law and Attornment**

This Note shall be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and shall be treated, in all respects, as a British Columbia contract. The Issuer hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia, in the City of Vancouver.

## **4. Interest**

The principal amount remaining from time to time unpaid and outstanding shall bear interest from the date hereof to the date of the repayment in full of the Obligations, at the rate of five (5%) per cent per annum, both before and after maturity, demand, default and judgment. Interest at such rate shall be calculated on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be, and shall be payable, quarterly, in arrears, in accordance with Section 5 and 6 hereof.

## 5. Payments

Within sixty (60) days following the end of each fiscal quarter of the Issuer, beginning with March 31, 2020, the Issuer shall repay to the Holder an amount equal to the Holder's Pro Rata Interest of Available Cash Flow on account of the Obligations until all Obligations are paid in full; provided that, if after the closing of the Transaction, the Issuer or GDFSI completes a subsequent financing for gross proceeds of \$5,000,000 or greater (the "**Subsequent Financing**"), the Issuer shall repay in full the outstanding Obligations under this Note within five (5) Business Days following the closing of the Subsequent Financing. Payments made hereunder shall first apply to any interest accrued and owing and then to principal amount. Any interest owing under this Note that is not so paid when such amount becomes due and payable shall be accrued and added to the principal amount owing under this Note. The Issuer shall have the right at any time to prepay the Principal Amount, in whole or in part.

## 6. Repayment

The Issuer will repay all outstanding Principal and all interest accrued thereon on the date following an Event of Default (as defined in Section 8) on which the Holder demands repayment in writing.

## 7. Notice of Default

The Issuer shall promptly notify the Holder of the occurrence of any default or Event of Default.

## 8. Default

The Principal and any other money owing under this Note are immediately payable in each of the following events (each an "**Event of Default**"):

- (a) Payment - if the Issuer makes a default in payment of the Principal or in payment of any indebtedness or liability of the Issuer to the Holder pursuant to this Note when due;
- (b) Breach of Covenant – if the Issuer is in material breach of a covenant under this Note (other than with respect to the payment of the Principal or in payment of any indebtedness or liability of the Issuer to the Holder pursuant to this Note when due, which breach is addressed in Section 8(a) above) and such breach is not cured within 10 days of notice of such breach;
- (c) Winding Up - if an order is made or an effective resolution passed for the winding-up or liquidation of the Issuer, or if a petition is filed for the winding-up of the Issuer and such petition is not stayed, withdrawn or dismissed within 60 days;
- (d) Insolvency - if the Issuer commits an act of bankruptcy, makes a general assignment for the benefit of its creditors, ceases to carry on its business or becomes insolvent within the meaning of the *Bankruptcy and Insolvency Act* (Canada);

- (e) Bankruptcy or Receivership - if a bankruptcy petition is filed or presented against the Issuer, or if any proceedings with respect to the Issuer are commenced under the *Companies' Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), the United States Bankruptcy Code or any similar legislation providing protection for the benefit of the Issuer; or if an execution, sequestration or any other process of any court becomes enforceable against the Issuer or if a distress or analogous process is levied upon the property of the Issuer or any part of the property of the Issuer, unless in any such case such petition, proceeding or process is stayed, withdrawn, dismissed or vacated, as the case may be, within 10 days;
- (f) Event of Default under other Note - any event of default under any other Concurrent Note, unless such event of default is remedied by the Issuer within any applicable period contemplated by the applicable debenture;
- (g) Challenge by Issuer - the Issuer challenges or threatens to challenge the validity or enforceability of this Note; and
- (h) Appointment of Trustee or Receiver - any trustee in bankruptcy, interim receiver, receiver, receiver and manager, custodian, sequestrator, administrator, monitor or liquidator of any other person with similar powers is appointed in respect of the Issuer or any of its assets.

## 9. General Provisions

- (a) The Issuer hereby waives presentment, demand, dishonour, notice of dishonour, protest, noting of protest and notice of any other kind.
- (b) The Holder may waive (and shall waive, in writing, with consent of a Holder Majority) defaults or any breach by the Issuer of any provisions contained herein except as otherwise expressly set out herein. No waiver of any provision of this Note shall be binding unless it is in writing. No indulgence, forbearance or other accommodation by a party shall constitute a waiver of such party's right to insist on performance in full and in a timely manner of all covenants in this Note. Waiver of any provision shall not be deemed to waive the same provision thereafter, or any other provision of this Note at any time.
- (c) If any provision of this Note or portion thereof or the application thereof to any Person or circumstance shall to any extent be illegal, invalid or unenforceable: (a) the remainder of this Note or the application of such provision or portion thereof to any other Person or circumstance shall not be affected thereby; and (b) the parties will negotiate in good faith to amend this Note to implement the intentions set forth in this Note. Each provision of this Note shall be legal, valid and enforceable to the fullest extent permitted by law.
- (d) The terms of this Note may be amended only with the consent of the Issuer and the Holder; provided, however, that if an amendment is consented to in writing by a Holder Majority, such amendment and waiver shall apply to this Note and the

Holder notwithstanding that the Holder did not consent to such amendment or waiver.

- (e) At any time that there is no Event of Default that is continuing, the Holder may not assign its rights and obligations under this Note, in whole or in part, to any person or entity without the prior consent of the Issuer. At any time that there is an Event of Default that is continuing, the Holder may, without the consent of the Issuer, assign its rights and obligations under this Debenture, in whole or in part, to any person, and will provide prompt notice to the Issuer of any such assignment. The Issuer may not transfer any of its rights or obligations under this Note without the prior written consent of the Holder.

## **10. Expenses**

Each party to this Agreement shall pay its respective legal, accounting and other professional advisory fees, costs and expenses incurred in connection with the negotiation, preparation and execution of this Note and all documents and instruments executed or delivered pursuant to this Note, as well as any other fees, costs and expenses incurred.

## **11. Counterparts**

This Note may be executed by one or more of the parties to this Note on any number of separate counterparts (including by pdf), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

*[Remainder of page left intentionally blank.]*

**IN WITNESS WHEREOF** the Issuer has caused this Note to be duly executed and delivered as of the date first written above.

**PLAYGON INTERACTIVE INC.**

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

**Acknowledged and agreed to by:**

\_\_\_\_\_  
**Witness**

\_\_\_\_\_  
**[Holder]**