

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT is amended and restated effective the 20th day of July, 2023.

AMONG:

LIFEIST WELLNESS INC.,

a corporation existing under the laws of the Province of British Columbia, having a registered office at [REDACTED]

(hereinafter referred to as the “**Purchaser**”)

- and -

1000501971 ONTARIO INC.,

a corporation existing under the laws of the Province of Ontario, having a registered office at [REDACTED]

(hereinafter referred to as “**Zest**”)

-and-

1000594871 ONTARIO CORP.,

a corporation existing under the laws of the Province of Ontario, having a registered office at [REDACTED]

(hereinafter referred to as “**Zest Patent Co**”)

-and-

ZEST CANNABIS INC.

a corporation existing under the laws of Canada, having a registered office at [REDACTED]

(hereinafter referred to as the “**Seller**”)

-and-

13735346 CANADA INC.,

a corporation existing under the federal laws of Canada, having a registered office at [REDACTED]

(hereinafter referred to as “**137 Canada**”)

-and-

1000496959 ONTARIO LTD.,

a corporation existing under the laws of the Province of Ontario, having a registered office at [REDACTED]

(hereinafter referred to as “**1000 Ontario**” and together with 137 Canada, the “**Seller’s Shareholders**”).

WHEREAS:

- A. The Seller is the legal and beneficial owner of all the issued and outstanding Zest Shares.
- B. The Purchaser, Seller, Zest, and 137 Canada are parties (the “**Original Parties**”) to a share purchase agreement dated May 31, 2023 (the “**Original Share Purchase Agreement**”).
- C. The Original Parties wish to amend and restate the Original Share Purchase Agreement as provided for in this Agreement.
- D. The Purchaser has agreed to purchase from the Seller all of the issued and outstanding Zest Shares upon the terms and conditions set forth in this Agreement (the “**Transaction**”), such that the Purchaser will, upon Closing (as defined herein), be the sole direct or indirect shareholder of Zest.
- E. The Seller has agreed to the Transaction.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the respective covenants and agreements herein contained, the parties covenant and agree as follows:

ARTICLE I

INTERPRETATION

1.01 Definitions

In this Agreement, unless otherwise defined, capitalized words and terms shall have the following meanings:

- (1) “**1000 Ontario**” has the meaning set forth in the first page of this Agreement.
- (2) “**137 Canada**” has the meaning set forth in the first page of this Agreement.
- (3) “**affiliate**” has the meaning ascribed to such term in the *Securities Act* (Ontario).
- (4) “**Agreement**” means this share purchase agreement dated July 20, 2023, together with all schedules, appendices, and exhibits attached hereto, as the same may be supplemented or amended from time to time.
- (5) “**Alternative Transaction**” means any of the following (and excludes the transactions contemplated by this Agreement): (a) any merger, amalgamation, arrangement, share exchange, take-over bid, tender offer, recapitalization, consolidation or other business combination directly or indirectly involving Zest or any analogous transaction, (b) any acquisition of all or substantially all of the assets of Zest (or any lease, long-term supply agreement, exchange, mortgage, pledge or other arrangement having a similar economic effect), (c) any acquisition of beneficial ownership of 50% or more of Zest’s voting securities in a single transaction or a series of related transactions, (d) any acquisition by Zest or the Purchaser, as applicable, of any assets or capital stock of another Person (other than acquisitions of capital stock or assets of any other Person that are not, individually or in the aggregate, material to Zest), or (e) any *bona fide* proposal to, or public announcement of an intention to, do any of the foregoing on or before the Termination Date.

- (6) “**Applicable Laws**” means, in respect of any Person, property, transaction, event or other matter, as applicable, (i) any present or future law, statute, regulation, code, ordinance, principle of common law or equity, municipal by-law, treaty, order, directive, judgment, decree, injunction, decision, ruling, award or writ, domestic or foreign, of any Governmental Authority having jurisdiction applicable to that Person, property, transaction, event or other matter and, (ii) whether or not having the force of law, all applicable requirements, requests, official directives, rules, consents, approvals, authorizations, guidelines and policies of any Governmental Authority having jurisdiction over that Person, property, transaction, event or other matter and regarded by such Governmental Authority as requiring compliance.
- (7) “**Authorizations**” means, collectively, all consents, licenses, registrations, permits, authorizations, permissions, assignments, orders, approvals, clearances, waivers, certificates, and declarations issued, granted, given or otherwise made available by or under the authority of any Governmental Authority, whether domestic or foreign, or pursuant to any requirement under Applicable Laws.
- (8) “**Books and Records**” means all technical, business and financial records, financial books and records of account, books, data, reports, files, lists, drawings, plans, logs, briefs, customer and supplier lists, deeds, certificates, Contracts, surveys, title opinions or any other documentation and information in any form whatsoever (including written, printed, electronic or computer printout form) relating to a corporation and its business.
- (9) “**Brand**” means the Zest IP.
- (10) “**Business Day**” means a day which is not a Saturday, Sunday or a statutory holiday in the Province of Ontario.
- (11) “**Claim**” has the meaning set forth in Section 8.04.
- (12) “**Closing Date**” means the date of Closing, which shall be the third (3rd) Business Day following the satisfaction or waiver of all conditions to the obligations of the parties to consummate the Transaction (other than conditions that are satisfied with respect to actions the respective parties will take at the Closing itself), or such other earlier or later date as the Purchaser and Zest may mutually determine.
- (13) “**Closing**” means the completion of the Transaction in accordance with the terms and conditions of this Agreement.
- (14) “**Common Shares**” means the common shares in the capital of the Purchaser.
- (15) “**Consideration Shares**” means the Initial Consideration Shares and Escrowed Shares.
- (16) “**Constituting Documents**” means, with respect to any Person, as applicable, its articles and/or certificate of incorporation, notice of articles, articles of amendment, articles of amalgamation or continuance, memorandum of association, charter, by-laws, declaration of trust and other constituting documents (in the case of a trust), partnership agreement, limited liability company agreement or other similar document, and all unanimous shareholder agreements, other shareholder agreements, voting trust agreements and similar arrangements applicable to the Person’s equity interests, all as in effect from time to time.
- (17) “**Contracts**” (individually, a “**Contract**”) means all written or oral outstanding contracts and agreements, leases (including the real property leases), third-party licenses, insurance policies, deeds, indentures, instruments, entitlements, commitments, undertakings and orders made by or to which a party is bound or under which a party has, or will have, any rights or obligations and includes rights to

use, franchises, license and sub-licenses agreements and agreements for the purchase and sale of assets or shares.

(18) “**Corporate Records**” means the corporate records of a corporation, including (i) its articles, notice of articles or other constating documents, any unanimous shareholder agreement and any amendments thereto, (ii) all minutes of meetings and resolutions of Zest, directors and any committee thereof, (iii) the share certificate books, register of shareholders, register of transfers and registers of directors and officers, and (iv) all accounting records.

(19) “**Deemed Price per Common Share**” means \$0.05.

(20) “**Direct Claim**” has the meaning set forth in Section 8.04.

(21) “**disclosed**” means in the case of the Zest and the Seller, reasonably disclosed in writing to the Purchaser prior to the date of this Agreement, including the Zest Disclosure Letter (with reasonable details to identify the nature and scope of the matter disclosed).

(22) “**Environmental Laws**” means all Applicable Laws relating to the environment, including, but not limited to, those pertaining to (i) the reclamation or restoration of properties, (ii) the abatement of pollution, (iii) the protection of the environment or wildlife, including endangered species, (iv) public safety with respect to environmental hazards, (v) the protection of cultural or historic resources, (vi) the management, treatment, storage, disposal or control of, or exposure to, any substance or material that is prohibited, controlled or regulated by any Governmental Authority pursuant to Environmental Laws (such substances and materials collectively referred to in this definition as, “**Hazardous Substances**”), (vii) the release or threatened release of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances, including ambient air, surface water and groundwater, (viii) the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of Hazardous Substances.

(23) “**Escrow Agent**” means Garfinkle Biderman LLP or such other Person as may be mutually agreed upon and duly appointed by the Purchaser and the Seller, each acting reasonably, as escrow agent pursuant to the Escrow Agreement.

(24) “**Escrow Agreement**” means the escrow agreement to be entered into at the Time of Closing by the Purchaser, the Seller and Escrow Agent as agreed by the parties thereto.

(25) “**Escrow Period**” has the meaning given to it in the Escrow Agreement. .

(26) “**Escrowed Shares**” has the meaning set forth in Section 2.02.

(27) “**Exchange**” means TSX Venture Exchange.

(28) “**Finally Determined**” means, with respect to any claim for indemnification, payment, reimbursement or set off by any Indemnified Person pursuant to this Agreement, the amount of such claim the entitlement to which any Indemnified Person (i) has been consented to in writing by the Indemnifying Party (whether pursuant to a settlement agreement or otherwise), or (ii) has been determined pursuant to a final, non-appealable judgment or other similar determination of a court of competent jurisdiction.

(29) “**GAAP**” means International Financial Reporting Standards as applied in Canada.

(30) “**Governmental Authority**” means any (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, commission, board or agency, whether domestic or foreign, or (b) regulatory authority, including any securities commission, or stock exchange, including the Exchange.

- (31) **“Information Technology”** means computer hardware, software in source code and object code form (including documentation, interfaces and development tools), websites, databases, telecommunications equipment and facilities and other information technology systems owned, licensed, used or held by a Person.
- (32) **“Initial Consideration Shares”** has the meaning set forth in Section 2.02.
- (33) **“Insolvency Proceedings”** means any formal insolvency proceedings, whether in or out of court, including proceedings or steps leading to any form of bankruptcy, liquidation, administration, receivership, arrangement or scheme with creditors, moratorium, stay or limitation of creditors’ rights, interim or provisional supervision by a court or court appointee, winding-up or striking-off, or any distress, execution, commercial rent arrears recovery or other process levied or exercised or any other analogous proceedings in any other jurisdiction.
- (34) **“Intellectual Property”** means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to Applicable Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all (a) trademarks, service marks, trade names, brand names, logos, slogans, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of, and symbolized by, and all registrations, applications and renewals for, any of the foregoing, (b) internet domain names, whether or not trademarks, web addresses, web pages, websites and related content and URLs, (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights and (d) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Authority issued indicia of invention ownership (including inventor s certificates, petty patents and patent utility models).
- (35) **“laws”** means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or any provisions of the foregoing, including general principles of common and civil law and equity, binding on or affecting the person referred to in the context in which such word is used; and **“law”** means any one of them.
- (36) **“Lien”** means any mortgage, encumbrance, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), claim, mortgage, title retention agreement or arrangement, restrictive covenant, or other encumbrance of any nature, or any other arrangement or condition which, in substance, secures payment, or performance of an obligation.
- (37) **“Material Adverse Effect”**, when used in connection with the a party, means (i) any change, effect, fact, circumstance or event which, individually or when taken together with any other changes, effects, facts, circumstances or events, would reasonably be expected to be material and adverse to the assets, liabilities, condition (financial or otherwise), business, properties or results of operation of the party and its affiliates (if applicable), taken as a whole, or (ii) a material impairment of or delay in the ability of the parties (or any one of them) to perform their obligations under this Agreement or consummate the Transaction, provided however that, a Material Adverse Effect shall not include (1) any change, effect, fact, circumstance or event (A) relating to the global economy or financial, securities or commodities markets in general in the world including, without limitation, changes in currency exchange rates or interest rates, or (B) generally affecting the industry within which the party and its subsidiaries (if applicable) are engaged in business, which does not have a materially disproportionate effect on such party and its subsidiaries (if applicable) relative to other comparable Persons operating in the industry in which the party and its subsidiaries (if applicable) are engaged in business, (C) relating to GAAP or in accounting standards; (2) the impact(s) of the COVID-19 pandemic or other health crisis or public health event, on the business, operations or financial condition of the party and its subsidiaries

(if applicable) and (3) any acts of God, calamities, acts of war, terrorism or military action or the escalation thereof.

(38) “**Material Contract**” means, with respect to a Person, any Contract to which such Person is a party and which is material to such Person, including any Contract: (i) the termination of which would have a Material Adverse Effect on such Person, (ii) which would result in payments to or from such Person or its subsidiaries (if any) in excess of \$25,000, whether payable in one payment or in successive payments, (iii) relating to the borrowing of money or to capital expenditures, and (iv) not entered into in the Ordinary Course.

(39) “**material fact**” shall have the meaning ascribed to it in the *Securities Act* (Ontario).

(40) “**Non-Disclosure, Non-Competition and Non-Solicitation Agreement**” means the non-disclosure, non-competition and non-solicitation agreement in the form attached hereto as Schedule “C”, to be entered into at the Time of Closing by the Purchaser and each Seller.

(41) “**Ordinary Course**” means, with respect to an action taken by a Person, that such action is (i) consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day operations of the business of such Person, and (ii) similar in nature to actions customarily taken in the normal day-to-day operations of the businesses of other Persons that are in the same line of business as such Person.

(42) “**Person**” includes an individual, sole proprietorship, partnership, limited partnership, unincorporated association or organization, unincorporated syndicate, body corporate, trust, trustee, executor, administrator, legal representative of the Crown or any agency or instrumentality thereof.

(43) “**Pre-Closing Reorganization of Zest**” means the asset purchase agreements in the forms attached hereto as Schedule “E”, to be completed on or before the Time of Closing by Zest, Zest Patent Co and the Seller, which provides that the Zest IP shall be sold from the Seller to Zest and Zest Patent Co (in the aggregate) free and clear from all Liens.

(44) “**Products**” mean products sold under the Brand.

(45) “**Purchased Shares**” means all of the Zest Shares purchased by the Purchaser pursuant to this Agreement.

(46) “**Regulation S**” means Regulation S under the U.S. Securities Act.

(47) “**Securities Laws**” means the securities legislation having application, the regulations and rules thereunder and all administrative policy statements, instruments, blanket orders, notices, directions and rulings issued or adopted by the applicable securities regulatory authority, all as amended.

(48) “**Seller**” has the meaning set forth in the first page of this Agreement.

(49) “**Seller’s Shareholders**” has the meaning set forth in the first page of this Agreement.

(50) “**Support and Voting Agreement**” means the support and voting agreement in the form attached hereto as Schedule “B”, to be entered into at the Time of Closing by the Purchaser and each Seller’s Shareholder.

(51) “**Tax Act**” means the *Income Tax Act* (Canada).

(52) “**Tax Return**” means all returns, declarations, designations, forms, schedules, reports, elections, notices, filings, statements (including withholding tax returns and reports and information

returns and reports) and other documents of every nature whatsoever filed or required to be filed with any Governmental Authority with respect to any Tax together with all amendments and supplements thereto.

(53) “**Tax**” means any tax, impost, levy, withholding, duty, fee, premium, assessment and other charge of any kind, however denominated and any instalment or advance payment in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Authority, including for greater certainty any income, gain or profit tax (including federal, state, provincial and territorial income tax), payroll and employee withholding tax, employment or payroll tax, unemployment insurance, disability tax, social insurance tax, social security contribution, sales and use tax, consumption tax, customs tax, ad valorem tax, excise tax, goods and services tax, harmonized sales tax, franchise tax, gross receipts tax, capital tax, business license tax, alternative minimum tax, estimated tax, abandoned or unclaimed (escheat) tax, occupation tax, real and personal property tax, stamp tax, environmental tax, transfer tax, severance tax, workers’ compensation, Canada and other government pension plan premium or contribution and other governmental charge, and other obligations of the same or of a similar nature to any of the foregoing, together with any interest, penalties or other additions to tax that may become payable in respect of such tax, and any interest in respect of such interest, penalties and additions whether disputed or not, and “**Taxes**” has a corresponding meaning.

(54) “**Termination Date**” means July 25, 2023 or such later date as may be agreed in writing between the Purchaser and Zest.

(55) “**Time of Closing**” means 10:00 a.m. (EST) on the Closing Date, or such other time as the Purchaser and Zest may mutually determine.

(56) “**Transaction**” has the meaning set forth in the recitals of this Agreement.

(57) “**U.S. Person**” has the meaning ascribed to such term in Regulation S.

(58) “**U.S. Securities Act**” means the *United States Securities Act of 1933*.

(59) “**Zest Disclosure Letter**” means the disclosure letter dated as of the Closing Date (and addressed to the Purchaser) delivered by Zest to the Purchaser concurrently with the execution of this Agreement.

(60) “**Zest IP**” has the meaning set forth in Section 5.03(21)(a).

(61) “**Zest Material Contracts**” means, collectively, all Contracts and other obligations or rights (and all amendments, modifications and supplements thereto) to which Zest is a party or by which its assets, rights and properties are bound that are material to the business or assets of Zest as set out in the Zest Disclosure Letter.

(62) “**Zest Shares**” means common shares in the capital of Zest.

(63) “**Zest**” has the meaning ascribed to such term on page 1 of this Agreement.

(64) “**Zest Patent Co**” has the meaning ascribed to such term on page 1 of this Agreement.

1.02 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of the Canadian Dollars unless otherwise specified.

1.03 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section or a Schedule or Exhibit refers to the specified Article or Section of, or Schedule or Exhibit to this Agreement.

1.04 Number, etc.

Unless the subject matter or context requires the contrary, (i) words importing the singular number only shall include the plural and vice versa, (ii) words importing the use of any gender shall include all genders, and (iii) words importing Persons shall include natural persons, firms, trusts, partnerships and corporations.

1.05 Date for Any Action

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

1.06 Statutory References

Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute in force from time to time, and any statute, regulation or rule that supplements or supersedes such statute, regulation or rule.

1.07 Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be GAAP approved by the International Accounting Standards Board or the Canadian Institute of Chartered Accountants, as the case may be, or any successor thereto, applicable as at the date on which a calculation is made or required to be made in accordance with generally accepted accounting principles.

1.08 Knowledge

- (1) Any reference herein to “the knowledge of the Purchaser” (or similar expressions) will be deemed to mean the actual knowledge of any director or executive officer of the Purchaser, together with the knowledge such person would have after reasonable due inquiry into the relevant subject matter.
- (2) Any reference herein to “the knowledge of Zest” (or similar expressions) will be deemed to mean the actual knowledge of any director or executive officer of Zest, together with the knowledge such person would have after reasonable due inquiry into the relevant subject matter.
- (3) Any reference herein to “the knowledge of the Seller” (or similar expressions) will be deemed to mean the actual knowledge of any director or executive officer of the Seller, together with the knowledge such person would have after reasonable due inquiry into the relevant subject matter.
- (4) Any reference herein to “the knowledge of the Seller’s Shareholder” (or similar expressions) will be deemed to mean the actual knowledge of any director or executive officer of such Seller’s Shareholder, together with the knowledge such person would have after reasonable due inquiry into the relevant subject matter.

1.09 Schedules

The following schedules to this Agreement are an integral part of this Agreement:

<i>Schedule</i>	<i>Description</i>
Schedule “A”	Certification of Shareholder’s Information

Schedule "B"	Support and Voting Agreement
Schedule "C"	Non-Disclosure, Non-Competition and Non-Solicitation Agreement
Schedule "D"	Compensation Share Allocation
Schedule "E"	Pre-Closing Reorganization of Zest

ARTICLE II

PURCHASE AND SALE OF PURCHASED SHARES

2.01 Purchase and Sale

Subject to the terms and conditions hereof, the Seller covenants and agrees to sell, assign and transfer to the Purchaser, and the Purchaser covenants and agrees to purchase from the Seller, the Purchased Shares, free and clear of any Liens, at the Time of Closing.

2.02 Purchase Consideration

- (1) In consideration for the acquisition of the Zest Shares, the Purchaser shall pay the purchase price, which shall be comprised of, and is payable upon the following terms:
 - a. \$1,536,707.90 on the Closing Date, which shall be satisfied through the issuance of Common Shares issued by the Purchaser to the parties as set forth in Schedule "D" attached hereto (the "**Initial Consideration Shares**"), calculated on the basis of a deemed price per Common Share equal to \$0.05.
 - b. \$1,875,000 on the Closing Date, which shall be satisfied through the issuance of Common Shares issued by the Purchaser to the parties as set forth in Schedule "D" attached hereto, calculated on the basis of a deemed price per Common Share equal to \$0.05 and the Escrowed Shares shall be deposited with the Escrow Agent, in trust, on the Closing Date and released in accordance with the terms of the Escrow Agreement (the "**Escrowed Shares**").

2.03 Restrictions on Resale

The Seller and each Seller's Shareholder acknowledge and agree as follows:

- (1) The transfer of the Purchased Shares and the issuance of the Consideration Shares in exchange therefor, will be made pursuant to appropriate exemptions (the "**Exemptions**") from the formal takeover bid and registration and prospectus (or equivalent) requirements of the Securities Laws, including, pursuant to the take-over bid prospectus exemption found in Section 2.16 of National Instrument 45-106 – *Prospectus Exemptions*.
- (2) As a consequence of acquiring the Consideration Shares pursuant to the Exemptions:
 - (i) the Seller will be restricted from using certain civil remedies available under applicable Securities Laws;
 - (ii) the Seller may not receive information that might otherwise be required to be provided to the Seller, and the Purchaser is relieved from certain obligations that would otherwise apply under Securities Laws if the Exemptions were not being relied upon by the Purchaser;
 - (iii) no securities commission, stock exchange, including the Exchange, or similar regulatory authority has, or will have, reviewed or passed on the merits of an investment in the Consideration Shares;

- (iv) there is no, and will not be, government or other insurance covering the Consideration Shares; and
 - (v) an investment in the Consideration Shares is speculative and of high risk.
- (3) The certificates representing the Consideration Shares will bear such legends as required by the applicable Securities Laws and it is the responsibility of the Purchaser to issue such certificates in compliance with such applicable Securities Laws.
- (4) The Seller shall comply with any resale restrictions under applicable Securities Laws before selling or transferring the Consideration Shares on the condition that the certificates representing the Consideration Shares will bear such legends as required by the applicable Securities Laws.
- (5) The Seller is knowledgeable of, or has been independently advised as to, the Applicable Laws of the applicable jurisdiction(s) which apply to the sale of the Purchased Shares.

2.04 Seller's Acknowledgement Regarding Disclosure

The Seller, and each Seller's Shareholder, acknowledges that the Seller's and each Seller's Shareholder's information, including any personal information of its officers, directors and each Seller's Shareholder, as disclosed to the Purchaser and Purchaser's legal counsel (including but not limited to the name, address, telephone number and email address of the Seller and its officers, directors and each Seller's Shareholder, the number of Consideration Shares issued to the Seller, the Closing Date, and the prospectus exemption being relied on to issue the Consideration Shares to the Seller) ("**Seller's Personal Information**") may be disclosed by the Purchaser or Purchaser's legal counsel to: (a) stock exchanges, including the Exchange, or securities regulatory authorities, (b) the Canada Revenue Agency or other taxing authorities, and (c) any of the other parties involved in the Transaction, including legal counsel to the Purchaser and may be included in record books in connection with Transaction. By executing this Agreement and any ancillary agreements, the Seller, and each Seller's Shareholder, is deemed to be consenting to the foregoing collection, use and disclosure of the Seller's Personal Information. The Seller, and each Seller's Shareholder, also consent to the filing of copies or originals documents described herein of the Seller and each Seller's Shareholder as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated hereby. The Seller's Personal Information will be disclosed to the Canadian securities regulatory authorities, and such information is being indirectly collected by the Canadian securities regulatory authorities under the authority granted to it under Canadian securities legislation. This information is being collected for the purposes of the administration and enforcement of Canadian securities legislation. The Seller, and each Seller's Shareholder, hereby authorizes the indirect collection of such information by the Canadian securities regulatory authorities. In the event that any of the Seller or any Seller's Shareholder has any questions with respect to the indirect collection of such information, each, as applicable, should contact the applicable securities regulatory authority.

2.05 Support and Voting Agreement

Subject to the terms and conditions of this Agreement, at the Time of Closing, each Seller's Shareholder shall deliver to the Purchaser an executed Support and Voting Agreement in form attached hereto as Schedule "B".

2.06 Non-Disclosure, Non-Competition and Non-Solicitation Agreement

Subject to the terms and conditions of this Agreement, at the Time of Closing, the Seller and each Seller's Shareholder shall deliver to the Purchaser an executed Non-Disclosure, Non-Competition and Non-Solicitation Agreement in form attached hereto as Schedule "C".

2.07 Escrow Agreement

Subject to the terms and conditions of this Agreement, at the Time of Closing, the Purchaser shall deliver to the Escrow Agent the Escrowed Shares to be held in escrow by the Escrow Agent pursuant to the terms of the Escrow

Agreement to be mutually agreed by the parties thereto, and released to each Seller's Shareholder in accordance with the terms and conditions thereof.

ARTICLE III
CONDITIONS OF CLOSING

3.01 Mutual Conditions of Closing

The obligations to complete the Transaction are subject to the fulfillment of each of the following conditions on or before the Time of Closing:

- (1) There shall be no action taken under any Applicable Laws by any Governmental Authority that (i) makes it illegal or restrains, enjoins or prohibits the Transaction, or (ii) results in a judgment or assessment of damages relating to the Transaction that has a Material Adverse Effect on the Purchaser or Zest.
- (2) The parties shall have received all Authorizations and other required regulatory, corporate and third-party approvals including the Exchange, if applicable, and be in compliance with all applicable requirements and conditions under Applicable Laws necessary to complete the Transaction.
- (3) Neither the Purchaser nor Zest shall be subject to any material, unresolved litigation or court proceedings that constitutes a Material Adverse Effect.
- (4) There shall not be any prohibition under Applicable Laws against the completion of the Transaction.
- (5) The Closing Date shall be on or before the Termination Date.

The foregoing conditions precedent are for the benefit of all parties, and any one or more of such conditions may be waived by Zest (on its own behalf and on behalf of the Seller) or by the Purchaser, in whole or in part, without prejudice to any party's right to rely on any other condition in favor of any party.

3.02 Conditions of Closing in Favour of the Purchaser

The obligations of the Purchaser to complete the Transaction are subject to the fulfillment of each of the following conditions on or before the Time of Closing:

- (1) Zest, the Seller and each Seller's Shareholders shall have tendered all closing deliveries set forth in Sections 4.03 and 4.04, respectively, including delivery of the Purchased Shares, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers or other evidence of authorizing transfer of the Purchased Shares to the Purchaser, in a form acceptable to the Purchaser, acting reasonably.
- (2) Neither Zest nor the Seller shall have violated Section 9.01.
- (3) The representations and warranties of Zest set forth in this Agreement shall have been true and correct as of the date hereof in all material respects and shall be true and correct at the Time of Closing in all material respects, except as affected by the transactions contemplated by this Agreement, and a certificate of a senior officer of Zest, the Seller and each Seller's Shareholders to this effect shall have been delivered to the Purchaser (and for the avoidance of doubt, the delivery by Zest of the documents required to be delivered by Zest pursuant to Section 4.03 shall constitute a reaffirmation and confirmation by Zest of such representations and warranties in all material respects).

- (4) All of the terms, covenants and conditions of this Agreement to be complied with or performed by Zest at or before the Time of Closing will have been complied with or performed in all material respects, and a certificate of a senior officer of Zest, the Seller and each Seller's Shareholders to this effect shall have been delivered to the Purchaser.
- (5) The representations and warranties of the Seller and each Seller's Shareholders set forth in this Agreement shall have been true and correct in all material respects as of the date hereof and shall be true and correct in all material respects as of the Time of Closing (and for the avoidance of doubt, the delivery by the Seller and each Seller's Shareholders of the documents required to be delivered by the Seller and each Seller's Shareholders pursuant to Section 4.04 shall constitute a reaffirmation and confirmation by the Seller and each Seller's Shareholders of such representations and warranties in all material respects).
- (6) All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Seller and each Seller's Shareholders at or before the Time of Closing will have been complied with or performed in all material respects (and for the avoidance of doubt, the delivery by the Seller and each Seller's Shareholders of the documents required to be delivered by the Seller and each Seller's Shareholders pursuant to Section 4.04 shall constitute a reaffirmation and confirmation by the Seller of such compliance and performance in all material respects).
- (7) All Authorizations and all consents, assignments, waivers, permits, orders and approvals of all other Persons, including the Exchange, if applicable, all those party to the Zest Material Contracts, necessary to conduct the business of Zest or completion of the Transaction shall have been obtained.
- (8) There shall not have been, after the date of this Agreement, any Material Adverse Effect with respect to Zest.
- (9) Except with the prior written consent of the Purchaser, Zest shall not have (i) completed, or agreed to complete, any acquisition or disposition other than in the Ordinary Course, or (ii) undertaken or completed, or agreed to undertake or complete, any financing of debt or equity securities of Zest, or any "related party transaction" (within the meaning of applicable Securities Laws).
- (10) Zest shall not have suffered a loss, impairment, termination, or failure to renew, of any material Authorization.
- (11) Zest shall have taken all such actions as may be necessary to reconstitute the board of directors of Zest to be comprised of a total of one director as at the Closing, being Meni Morim.
- (12) The Purchaser shall have received resignations and releases in a form acceptable to the Purchaser, acting reasonably, in favour of Zest and such other Persons as may be specified by the Purchaser, acting reasonably, duly executed by the director of Zest.
- (13) The Pre-Closing Reorganization of Zest shall have been completed to the Purchaser's satisfaction, acting reasonably.
- (14) Each Seller's Shareholder shall have duly executed and delivered to the Purchaser, the Support and Voting Agreement.
- (15) The Seller and each Seller's Shareholder shall have duly executed and delivered to the Purchaser, the Non-Disclosure, Non-Competition and Non-Solicitation Agreement.
- (16) The Seller and each Seller's Shareholder shall have duly executed and delivered to the Purchaser and Escrow Agent, the Escrow Agreement.

The foregoing conditions precedent are for the benefit of the Purchaser and any one or more of such conditions may be waived by the Purchaser, in whole or in part, without prejudice to the Purchaser's right to rely on any other condition in favour of the Purchaser.

3.03 Conditions of Closing in Favour of Zest and the Seller

The obligations of Zest and the Seller to complete the Transaction are subject to the fulfillment of each of the following conditions on or before the Time of Closing:

- (1) The Purchaser shall have tendered all closing deliveries set forth in Section 4.02, including delivery of the certificates representing the Initial Consideration Shares to the Seller and Escrowed Shares to the Escrow Agent.
- (2) All Authorizations and all consents, waivers, permits, orders and approvals of all other Persons, including the Exchange, if applicable, necessary to permit the completion of the Transaction shall have been obtained.
- (3) The representations and warranties of the Purchaser set forth in this Agreement shall have been true and correct as of the date hereof in all material respects and shall be true and correct at the Time of Closing in all material respects, except as affected by the transactions contemplated by this Agreement, (and for the avoidance of doubt, the delivery by the Purchaser of the documents required to be delivered by the Purchaser pursuant to Section 4.02 shall constitute a reaffirmation and confirmation by the Purchaser of such representations and warranties in all material respects).
- (4) All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser at or before the Time of Closing will have been complied with or performed in all material respects (and for the avoidance of doubt, the delivery by the Purchaser of the documents required to be delivered by the Purchaser pursuant to Section 4.02 shall constitute a reaffirmation and confirmation by the Purchaser of such compliance and performance in all material respects).
- (5) There shall not have been after the date of this Agreement, any Material Adverse Effect with respect to the Purchaser.
- (6) The Consideration Shares will have been approved for issuance by the directors of the Purchaser, and upon issuance in accordance with the terms hereof, the Consideration Shares will be issued as fully paid and non-assessable shares in the capital of the Purchaser.
- (7) There shall not be any inquiry or investigation (whether formal or informal) in relation to the Purchaser or its directors or officers commenced or threatened by any securities commission or regulatory body having jurisdiction, the outcome of which could, in the opinion of the Seller, acting reasonably and with the benefit of advice from independent legal counsel, reasonably be expected to have a Material Adverse Effect on the Purchaser.
- (8) The Purchaser shall have duly executed the Escrow Agreement and delivered it to the Seller and each Seller's Shareholder and Escrow Agent.

The foregoing conditions precedent are for the benefit of Zest and the Seller and any one or more of such conditions may be waived by Zest (on its own behalf and on behalf of the Seller) and the Seller, in whole or in part, without prejudice to Zest and the Seller's right to rely on any other condition in favor of Zest and the Seller.

3.04 Notice and Cure Provisions

Each party will give prompt notice to the other parties of the occurrence, or failure to occur, at any time from the date hereof until the Closing Date, of any event, change, or state of facts which occurrence or failure would or would be likely to:

- (1) cause any of the representations or warranties of such party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Closing Date; or
- (2) result in the failure by such party to comply with or satisfy any covenant, condition in any material respect or agreement to be complied with or satisfied by such party in any material respect hereunder prior to the Closing Date.

Subject to Article VII, no party may elect not to complete the Transaction as contemplated herein as a result of the non-fulfillment of the conditions precedent contained in Sections 3.01, 3.02, or 3.03, as applicable, unless the party intending to rely thereon has delivered a written notice to the other parties prior to the Time of Closing specifying, in reasonable detail, all breaches of representations and warranties or covenants or other matters which the party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition precedent.

ARTICLE IV

CLOSING AND POST CLOSING ARRANGEMENTS

4.01 Time and Place of Closing

Closing of the Transaction shall take place remotely at the Time of Closing by exchange of counterpart and electronic documentation and deliveries.

4.02 Closing Deliveries of the Purchaser

At the Time of Closing, the Purchaser will deliver or cause to be delivered to the Seller each of the following:

- (1) Share certificates (or Direct Registration System Advices) evidencing the Initial Considerations Shares, registered in accordance with the Compensation Share Allocations as set forth in Schedule "D" attached hereto, and share certificates (or Direct Registration System Advices) evidencing the Escrowed Shares, registered in accordance with the Compensation Share Allocations as set forth in Schedule "D" attached hereto, deposited with the Escrow Agent.
- (2) A certificate of one of the Purchaser's senior officers, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the Constating Documents of the Purchaser (and all amendments thereto as in effect as on such date), (ii) all resolutions of the board of directors of the Purchaser approving the entering into of this Agreement and all ancillary agreements contemplated herein and the completion of the Transaction, including the issuance of the Consideration Shares, and (iii) as to the incumbency and genuineness of the signature of each officer of the Purchaser executing this Agreement or any of the other agreements or documents contemplated hereby.
- (3) The officer's certificates referred to in Sections 3.03(3) and 3.03(4).
- (4) A certificate of status or good standing for the Purchaser, dated within two (2) days of the Closing Date.
- (5) The Purchaser shall have duly executed and delivered to the Seller and Escrow Agent, the Escrow Agreement.

4.03 Closing Deliveries of Zest

At the Time of Closing, Zest will deliver or cause to be delivered to the Purchaser each of the following:

- (1) A certificate of one of Zest's senior officers, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the Constating Documents of Zest (and all amendments thereto as in effect as on such date), (ii) all resolutions of the board of directors of Zest approving the

entering into of this Agreement and the completion of the Transaction, and (iii) as to the incumbency and genuineness of the signature of each officer of Zest executing this Agreement or any of the other agreements or documents contemplated hereby.

- (2) The officer's certificates referred to in Sections 3.02(2) and 3.02(4).
- (3) The resignations and releases referred to in Section 3.02(12).
- (4) A certificate of status or good standing for Zest, dated within two (2) days of the Closing Date.
- (5) Zest shall have duly executed and delivered to the Purchaser and Escrow Agent, the Escrow Agreement.

4.04 Closing Deliveries of the Seller and each Seller's Shareholders

At the Time of Closing, the Seller will cause to be delivered to the Purchaser each of the following:

- (1) A certificate of one of the Seller's senior officers, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the Constating Documents of Zest (and all amendments thereto as in effect as on such date), (ii) all resolutions of the board of directors of Zest and the Seller approving the entering into of this Agreement and the completion of the Transaction, and (iii) as to the incumbency and genuineness of the signature of each officer of Zest and of the Seller executing this Agreement or any of the other agreements or documents contemplated hereby.
- (2) The officer's certificates referred to in Sections 3.02(2) and 3.02(4).
- (3) All share certificates evidencing the Purchased Shares held or beneficially owned by the Seller, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers.
- (4) Duly completed and executed copy of the Certification of Shareholder's Information.
- (5) Each Seller's Shareholder shall have duly executed and delivered to the Purchaser, the Support and Voting Agreement.
- (6) The Seller and each Seller's Shareholder shall have duly executed and delivered to the Purchaser, the Non-Disclosure, Non-Competition and Non-Solicitation Agreement.
- (7) The Seller and each Seller's Shareholder shall have duly executed and delivered to the Purchaser and Escrow Agent, the Escrow Agreement.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to and in favor of the Seller, each of Seller's Shareholder and Zest as follows, and acknowledges that such parties are relying upon such representations and warranties in connection with the transactions contemplated herein:

- (1) **Organization and Qualification.** The Purchaser is a corporation validly existing under the laws of its jurisdiction of incorporation and is duly qualified, licensed or registered to carry on business and is in good standing in each jurisdiction in which the character of its assets and properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such qualification necessary. The

Purchaser has all Authorizations required to own, lease and operate its properties and to carry on its business as now conducted.

(2) **Corporate Power and Authority.** The Purchaser has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, and to own and lease its properties, and carry on its businesses as now being conducted.

(3) **Execution and Binding Obligation.** This Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed, and delivered by the Purchaser, and each is, or will be at the Time of Closing, a legal, valid and binding agreement of the Purchaser enforceable against it in accordance with its terms, subject only to any limitation under bankruptcy, insolvency or other law affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(4) **Governmental Authorization.** No Authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over the Purchaser is required to be obtained by the Purchaser in connection with the execution and delivery of this Agreement, except for those Authorizations which are contemplated by this Agreement or those Authorizations that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay the Purchaser from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on the Purchaser.

(5) **No Conflict or Contravention.** The execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the Constatng Documents of the Purchaser or of any resolutions of the directors or shareholder of the Purchaser, (ii) conflict with, result in a breach of, constitute a default under, or accelerate the performance required by, or result in the suspension, cancellation, material alteration or creation of a Lien upon, any Material Contract, or license or permit to which the Purchaser is a party or by which the Purchaser is bound or to which any material assets or property of the Purchaser is subject, or (iii) violate any provision of any Applicable Law applicable to the Purchaser.

(6) **Capitalization.**

(a) The authorized capital of Purchaser consists of an unlimited number of Common Shares, of which, as of the date of this Agreement, 460,406,855 Common Shares are issued and outstanding.

(a) All outstanding Common Shares have been duly authorized and validly issued, are fully paid and non-assessable, and all Common Shares issuable upon the exercise of any outstanding convertible securities of the Purchaser, in accordance with their respective terms have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable.

(b) All securities of the Purchaser have been issued in compliance with all applicable Securities Laws.

(7) **Consideration Shares.** The Consideration Shares will, when issued in accordance with the terms hereof, be validly issued as fully paid and non-assessable Common Shares.

(8) **Third Party Consents, Waivers, Approvals.** Except for Exchange approval with respect to the Consideration Shares, there are no waivers, consents, notices or approvals required to be given to, or obtained from, any Person by the Purchaser under any Contract to which the Purchaser is a party in connection with (i) the execution, delivery and performance by Purchaser of this Agreement, or (ii) the consummation of the Transaction and the other transactions contemplated by this Agreement.

- (9) **Reporting Issuer.** The Purchaser is a “reporting issuer” in Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, British Columbia and Ontario (as that term is defined under the applicable Securities Laws in the Provinces of Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, British Columbia and Ontario) and is not in material default of such Securities Laws.
- (10) **Conduct of Business.** The Purchaser has conducted, and is conducting, its business in compliance in all material respects with all Applicable Laws of each jurisdiction in which its business is carried on.
- (11) **Authorizations.** The Purchaser has all Authorizations of, and has made all filings, applications and registrations with, applicable Governmental Authorities that are required in order to permit it to carry on its business as presently conducted and own, operate or use the assets and property of the Purchaser, except for such Authorizations, the failure to have or make, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Purchaser, and all such Authorizations are in good standing in all material respects.
- (12) **Insolvency, Bankruptcy, Etc.** No bankruptcy, insolvency or receivership proceedings have been instituted by the Purchaser or, to the knowledge of the Purchaser, are pending or threatened against the Purchaser.
- (13) **Investigations.** The Purchaser has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified the Purchaser of such Governmental Authority’s intention to commence or to conduct any investigation, that could be reasonably likely to have a Material Adverse Effect on the Purchaser.
- (14) **Litigation, Judgements, Etc.** There is no claim, suit, action or proceeding in effect or ongoing or, to the knowledge of the Purchaser, pending or threatened, against or relating to the Purchaser that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Purchaser, and there is no writ, judgment, decree, award, injunction, rule or order of any Governmental Authority outstanding against the Purchaser causing, or which could reasonably be expected to cause, a Material Adverse Effect on the Purchaser.

5.02 Representations and Warranties of the Seller

The Seller represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on these representations and warranties in connection with its purchase of the Purchased Shares and that the Purchaser would not purchase the Purchased Shares without these representations and warranties:

- (1) **Organization and Status.** The Seller is a corporation validly existing under the laws of its jurisdiction of incorporation and is in good standing in each jurisdiction in which it holds any assets and properties (whether owned, leased, licensed or otherwise), or carries on any activities.
- (2) **Corporate Power and Authority.** The Seller has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement.
- (3) **Execution and Binding Obligation.** This Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed, and delivered by the Seller, and each is, or will be at the Time of Closing, a legal, valid and binding agreement of the Seller enforceable against it in accordance with its terms, subject only to any limitation under bankruptcy, insolvency or other law affecting the enforcement of creditors’ rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(4) **No Conflict or Contravention.** The execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the Constatng Documents of the Seller or of any resolutions of the directors or shareholder of the Seller, (ii) conflict with, result in a breach of, constitute a default under, or accelerate the performance required by, or result in the suspension, cancellation, material alteration or creation of a Lien upon, any Material Contract, or license or permit to which the Seller is a party or by which the Seller is bound or to which any material assets or property of the Seller is subject, or (iii) to the knowledge of the Seller, violate any provision of any Applicable Law applicable to the Seller.

(5) **Registered and Beneficial Owners.** The Seller is the registered and beneficial owner of the Zest Shares in Schedule “D” attached hereto, representing all of the issued and outstanding shares of Zest, free and clear of all Liens and the Seller has the exclusive right to dispose of such Purchased Shares as provided in this Agreement, and such Purchased Shares are the only securities of Zest owned, directly or indirectly, beneficially or otherwise, by the Seller. Except for the Purchaser’s rights hereunder, no Person has any agreement or option or any right or privilege capable of becoming an agreement for the purchase of the Purchased Shares held or beneficially owned by the Seller and none of such Zest Shares are subject to any voting trust, shareholder agreement, voting agreement or other agreement with respect to the disposition or enjoyment of any rights of any shares of Zest. On Closing, the Purchaser will have good title to all such Purchased Shares free and clear of all Liens.

(6) **Governmental Authorization.** No Authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over the Seller is required to be obtained by either Seller in connection with the execution and delivery of this Agreement, except for those Authorizations which are contemplated by this Agreement or those Authorizations that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay the Seller from performing its obligations under this Agreement.

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

(8) **Litigation, Judgements, Etc.** There is no claim, suit, action or proceeding in effect or ongoing or, to the knowledge of the Seller, pending or threatened, against or relating to the Seller that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Seller and the consummation of the Transaction, and there is no writ, judgment, decree, award, injunction, rule or order of any Governmental Authority outstanding against the Seller causing, or which could reasonably be expected to cause, a Material Adverse Effect on each Seller and the consummation of the Transaction.

(9) **Residence under Tax Act.** The Seller is not a “non-resident” of Canada within the meaning of the Tax Act.

(10) **U.S. Securities Law Matters.** The Seller represents, warrants and covenants as follows:

- (i) The offer to purchase the Purchased Shares held or beneficially owned by the Seller was not made to the Seller when it was, or any beneficial purchaser for whom it is acting, if applicable, was in the United States.

- (ii) The Seller is not a U.S. Person, is not in the United States, and is not acquiring the applicable Consideration Shares on behalf of, or for the account or benefit of, a U.S. Person or a Person in the United States.
 - (iii) At the time this Agreement was executed and delivered by the Seller, it was outside the United States.
 - (iv) The Seller or any beneficial purchaser for whom it is acting, if applicable, has no intention to distribute, either directly or indirectly, any of the Consideration Shares in the United States, except in compliance with the U.S. Securities Act.
 - (v) The current structure of the Transaction and all transactions and activities contemplated in this Agreement is not a scheme by the Seller to avoid the registration requirements of the U.S. Securities Act and any applicable federal and state Securities Laws of the United States.
- (11) **Brokers and Finders.** The Seller has not engaged or authorized any Person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement, and no Person is, or will be entitled to, any brokerage or finder's fee in connection with the transactions contemplated by this Agreement.
- (12) **Certification of Shareholder's Information.** The Seller acknowledges, represents, warrants and covenants that the acknowledgements, representations, warranties, covenants and information contained in this Agreement and Certification of Shareholder's Information (as attached hereto as Schedule "A") are true and correct as of the date hereof and will be true and correct as of the Closing Date.
- (13) **No Indebtedness.** The Seller, and each Seller's Shareholder, has no indebtedness, liability or obligation to Zest.
- (14) **No Claim Against Zest.** The Seller, and each Seller's Shareholder, has no Claim against Zest, and Zest is not indebted or otherwise obligated to such Seller, including by reason of the entering into of this Agreement.

5.03 Representations and Warranties of Zest, Zest Patent Co and the Seller and each Seller's Shareholders

The Seller, severally and jointly with Zest, Zest Patent Co and each Seller's Shareholders, represent and warrant to the Purchaser as follows and acknowledge that the Purchaser is relying on these representations and warranties in connection with its purchase of the Purchased Shares from the Seller and that the Purchaser would not purchase the Purchased Shares without these representations and warranties:

- (1) **Organization and Qualification.** Each of Zest and Zest Patent Co is a corporation validly existing under the laws of its jurisdiction of incorporation and is duly qualified, licensed or registered to carry on business and is in good standing in each jurisdiction in which the character of its assets and properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such qualification necessary. Each of Zest and Zest Patent Co has all Authorizations required to own, lease and operate its properties and to carry on its business as now conducted.
- (2) **Corporate Power and Authority.** Each of Zest and Zest Patent Co has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, and to own and lease its properties, and carry on its businesses as now being conducted.

- (3) **Execution and Binding Obligation.** This Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed, and delivered by Zest and Zest Patent Co, and each is, or will be at the Time of Closing, a legal, valid and binding agreement of Zest and Zest Patent Co, as applicable, enforceable against it in accordance with its terms, subject only to any limitation under bankruptcy, insolvency or other law affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (4) **Governmental Authorization.** No Authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over Zest or Zest Patent Co is required to be obtained by Zest or Zest Patent Co in connection with the execution and delivery of this Agreement, except for those Authorizations which are contemplated by this Agreement or those Authorizations that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent or materially delay Zest and/or Zest Patent Co from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on Zest.
- (5) **No Conflict or Contravention.** The execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the Constatng Documents of Zest or of any resolutions of the directors or shareholder of Zest and/or Zest Patent Co, (ii) conflict with, result in a breach of, constitute a default under, or accelerate the performance required by, or result in the suspension, cancellation, material alteration or creation of a Lien upon, any Zest Material Contract or material license or permit to which Zest and/or Zest Patent Co is a party or by which Zest and/or Zest Patent Co is bound or to which any material assets or property of Zest and/or Zest Patent Co is subject, or (iii) violate any provision of any Applicable Law applicable to Zest and/or Zest Patent Co.
- (6) **Capitalization.**
- (a) The authorized capital of Zest consists of an unlimited number of Zest Shares, of which only the Purchased Shares are currently issued and outstanding. All of the Purchased Shares have been duly authorized and validly issued and are fully paid and non-assessable.
 - (b) There are not now, and at the Time of Closing there will not be, any options, warrants, conversion privileges or other rights, shareholder rights plans, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever, (i) requiring or which may require the issuance, sale or transfer by Zest of any securities of Zest (including any Zest Shares, or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of Zest, including any Zest Shares) (collectively referred to in this subsection as, the "**Subject Zest Securities**"), or (ii) obliging Zest to, directly or indirectly, issue or sell any Subject Zest Securities, or give any Person a right to subscribe for or acquire from Zest, any Subject Zest Securities.
 - (c) There are no outstanding contractual or other obligations of Zest to repurchase, redeem or otherwise acquire any of its securities. There are no outstanding bonds, debentures or other evidences of indebtedness of Zest having the right to vote with the Seller on any matter.
 - (d) All securities of Zest (including the Purchased Shares) have been issued in compliance with all applicable Securities Laws.
- (7) **Third Party Consents, Waivers, Approvals.** There are no waivers, consents, notices or approvals required to be given to, or obtained from, any Person by Zest under any Material Contract to which Zest is a party (i) in connection with the execution, delivery and performance by Zest of this Agreement, or the consummation of the Transaction and the other transactions contemplated by this Agreement, or (ii) in order to maintain the Zest Material Contracts in full force and effect immediately upon the consummation of the Transaction.

- (8) **Residence under Tax Act.** Zest is not a “non-resident” of Canada within the meaning of the Tax Act.
- (9) **Shareholders’ and Similar Agreements.** Zest, Zest Patent Co, the Seller and each Seller’s Shareholders is not a party to any shareholder, pooling, voting, or other similar arrangement or agreement relating to the ownership or voting of any of the securities of Zest or pursuant to which any Person may have any right or claim in connection with any existing or past equity interest in Zest, and Zest has not adopted a shareholder rights plan or any other similar plan or agreement.
- (10) **Subsidiaries.** Zest has no subsidiaries and holds no shares or other ownership, equity or proprietary interest in any other Person.
- (11) **Reporting Issuer.** Zest is not a “reporting issuer” or equivalent in any jurisdiction nor are any securities of Zest listed or quoted on any stock exchange or electronic quotation system.
- (12) **No Undisclosed Liabilities.** There are no liabilities or obligations of Zest of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise.
- (13) **Non-Arms’ Length Transactions.** Zest has not, since incorporation, (i) made or agreed to make any payment or loan to, or borrowed any moneys from or is otherwise indebted to, any current or former officer, director, employee or shareholder of Zest, or any affiliate of Zest, or any other Person not dealing at arm’s length with Zest, or any affiliate of any of the foregoing Persons (collectively referred to in this subsection as, the “**Zest Non-Arm’s Length Parties**”), except for payment made in the Ordinary Course, and (ii) has not incurred, assumed or guaranteed any debt for borrowed money, or created or assumed any Lien or on behalf or for the benefit of, any Zest Non-Arm’s Length Party. .
- (14) **Absence of Certain Changes of Events.** Since incorporation, except as disclosed to the Purchaser:
- (a) Zest has conducted its business only in the Ordinary Course.
 - (b) Zest has not (i) issued, sold, or agreed to issue, sell, pledge, hypothecate, lease, dispose of or encumber any Zest Shares or other securities of Zest or any right, option or warrant with respect thereto, or (ii) split, combined or reclassified any of its securities, or declared or made any distribution in respect thereof.
 - (c) Zest has not amended or proposed to amend its Constatng Documents.
 - (d) Zest has not incurred any liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) which has had, or is reasonably likely to have, a Material Adverse Effect on Zest.
 - (e) Other than as disclosed in the Zest Disclosure Letter, Zest has neither approved nor entered into any agreement in respect of the purchase of any assets or properties or any interest therein, or the sale, transfer or other disposition of any portion of its assets or properties or any interest therein currently owned by Zest and/or its affiliates, whether by asset sale, transfer of shares or otherwise, or a change of control (by sale or transfer of shares or sale of all or substantially all such property and assets).
 - (f) Zest has not incurred or suffered a Material Adverse Effect.
 - (g) Zest has not redeemed, repurchased or otherwise acquired any securities of Zest, or declared, set aside, or paid or made any dividend or other distribution (whether in cash or otherwise) with respect to any securities of Zest.

- (h) Zest has not entered into, or amended, any Zest Material Contract.
 - (i) Zest has not entered into any Contract under which it has outstanding indebtedness for borrowed money or for the deferred purchase price of property or made any loan or advance to any Person.
 - (j) Zest has not satisfied or settled any material claims or material liabilities, other than the settlement of claims or liabilities incurred in the Ordinary Course.
 - (k) Zest has not entered into any agreement or understanding to do any of the foregoing.
- (15) **Compliance with Laws.** Zest is not in default under, or in violation of, and has not violated (and failed to cure such violation under) any Applicable Law, including, without limitation, Applicable Laws relating to the issuance or sale of securities, privacy and Intellectual Property, or any Authorizations, franchises, or concessions granted by, or any judgment, decree, writ, injunction or order of, any Governmental Authority, applicable to its business or any of its properties or assets. Zest has not received any notice or other written communication alleging any material violations and/ or failure to comply with any Applicable Laws.
- (16) **Authorizations.** Zest has all Authorizations of, and has made all filings, applications and registrations with, applicable Governmental Authorities that are required in order to permit it to carry on its business as presently conducted and own, operate or use the assets and property of Zest and all such Authorizations are in good standing in all material respects.
- (17) **Investigations.** Zest has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified Zest of such Governmental Authority's intention to commence or to conduct any investigation.
- (18) **Bankruptcy.** Zest is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or any other Applicable Law and has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. Zest has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of Zest or any of its undertakings, property or assets and no execution or distress has been levied on any of its undertakings, property or assets, nor have any proceedings been commenced in connection with any of the foregoing. Zest is not otherwise the subject of Insolvency Proceedings.
- (19) **Insolvency.** Zest is able to pay its debts as they fall due and has not stopped payment of its debts. The value of the assets held by Zest exceeds the amount of the liabilities of Zest, taking into account contingent and prospective liabilities. Insolvency Proceedings have not commenced in relation to Zest or (if applicable) any part of its assets or undertaking. So far as Zest is aware, there are no circumstances which entitle or may entitle any Person to commence any Insolvency Proceedings in relation to Zest or (if applicable) any part of its assets or undertaking.
- (20) **Material Contracts.** The Zest Material Contracts, together with this Agreement, and after the execution and delivery hereof, all ancillary agreements contemplated herein, constitute all the Zest Material Contracts. True and complete copies of the Zest Material Contracts have been disclosed in the Zest Disclosure Letter. Each of the Zest Material Contracts is in full force and effect, unamended, and there exists no default, warranty claim or other obligation or liability or event, occurrence, condition or act (including the purchase and sale of the Purchased Shares hereunder and the other transactions contemplated hereunder, including, without limitation, the issuance of the Consideration Shares) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default, or give rise to a warranty claim or other obligation or liability thereunder. Zest has not violated or breached, in any material respect, any of the terms or conditions of any Zest Material Contract and all the covenants to be performed by any other party thereto have been fully and properly

performed. Zest has not received any notice (whether written or oral), that any party to a Zest Material Contract intends to cancel, terminate or otherwise modify or not renew its relationship with Zest, and, to the knowledge of Zest, no such action has been threatened.

(21) **Intellectual Property.**

- (a) The Zest Disclosure Letter sets out a true, correct and complete list, and, where appropriate, a description of (i) all of the registered and material unregistered Intellectual Property owned or used by Zest, Zest Patent Co and the Seller (collectively referred to in this subsection as, the “**Zest IP**”) and (ii) all licenses or similar agreements or arrangements to which each of Zest and Zest Patent Co is a party, either as licensee or licensor, with respect to registered and material unregistered Intellectual Property.
- (b) Together, Zest and Zest Patent Co, are the exclusive beneficial owners of all right, title and interest in and to, or possesses the right to use the Zest IP, free and clear of all Liens. Each of Zest and Zest Patent Co has not assigned, licensed or otherwise conveyed any of the Zest IP other than in the Ordinary Course.
- (c) Except as set out in the Zest Disclosure Letter, each of Zest and Zest Patent Co has maintained or caused to be maintained the rights to any of the registered Zest IP in full force and effect and, all registered Zest IP is valid, subsisting, in full force and effect (except with respect to applications) and has not expired or been cancelled or abandoned. All necessary registration, maintenance and renewal fees in connection with the registered Zest IP have been paid, and all necessary documents and certificates in connection with the registered Zest IP have been filed with the relevant patent, copyright, trademark or other equivalent authorities in the applicable jurisdictions, as the case may be, for the purposes of perfecting, prosecuting and maintaining such Zest IP. Except as set out in the Zest Disclosure Letter, without limiting the generality of the foregoing, each of Zest and Zest Patent Co has renewed or has made application for renewal of any registered Zest IP (including applications therefor) subject to expiration on or prior to the date that is three (3) months following the Closing Date.
- (d) The Zest IP has not been used, not used, enforced or not enforced in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of any of the Zest IP. Each of Zest and Zest Patent Co has not received notice from any Person of any claim or any intention to commence any legal proceeding with respect to infringement, adverse ownership, invalidity, lack of distinctiveness, misappropriation or misuse regarding any of the Zest IP or challenging any of the Zest IP or the right of Zest to use the Zest IP. To the knowledge of Zest and Zest Patent Co, each of Zest and Zest Patent Co has not infringed and is not currently infringing on the Intellectual Property of any other Person in a manner that would reasonably be expected to result in a Material Adverse Effect on Zest.
- (e) Each of Zest and Zest Patent Co has not commenced and does not intend to commence any claim or legal proceeding challenging the Intellectual Property rights of any other Person.
- (f) Together, Zest and Zest Patent Co, have the full right and authority to use, and the Purchaser will be entitled to continue to use after the Closing Date, the Zest IP in the manner presently conducted, and such use or continuing use does not to the knowledge of Zest infringe upon or violate any rights of any other Person. The Zest IP is sufficient to conduct the business of Zest and Zest Patent Co as presently conducted. All licenses to which Zest and Zest Patent Co are a party relating to Zest IP are in good standing, binding and enforceable in accordance with their respective terms and no material default exists on the part of Zest an/or Zest Patent Co thereunder.
- (g) To the knowledge of Zest and Zest Patent Co, no Person is infringing, or is threatening to infringe, upon or otherwise violate any of the Zest IP.

- (h) To the knowledge of Zest and Zest Patent Co, subject to and in compliance with Applicable Laws, no current or former officer, employee or independent contractor of Zest or Zest Patent Co owns or has claimed an ownership interest in any of the Zest IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.
 - (i) Each of Zest and Zest Patent Co has used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect the Zest IP and confidential information relating thereto. To the knowledge of Zest and Zest Patent Co, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent Zest or Zest Patent Co, or following the Closing Date, the Purchaser, from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.
 - (j) Each of Zest and Zest Patent Co has not received notice that there are any Intellectual Property rights of any other Person that form part of the Zest IP or that would constitute joint ownership by or with any other Person or that would constitute rights to market, distribute, license or convey the Zest IP, and no funding or facilities of any Governmental Authority nor any personnel of any such Person in their capacity as personnel of such Person, were used, directly or indirectly, to develop or create, in whole or in part, any of the Zest IP.
- (22) **Litigation.** There is no claim, action, inquiry, proceeding or investigation in effect or ongoing, pending or, to the knowledge of Zest, threatened against or relating to Zest, the business of Zest, or affecting any of its properties or assets, and to the knowledge of Zest, there is no event or circumstance which could reasonably be expected to give rise to any such claim, action, inquiry, proceeding or investigation. There is no judgment, writ, decree, injunction, rule, award or order of any Governmental Authority outstanding against Zest in respect of its businesses, properties or assets.
- (23) **Environmental Matters.**
- (a) Zest is in compliance with all applicable Environmental Laws, and has not used, except in material compliance with all Environmental Laws, any property or facility which it owns or leases, or previously owned or leased, to conduct any environmental activity.
 - (b) Neither Zest, nor any of its predecessor companies, have received any notice of any material claim, judicial or administrative proceeding, order or direction, pending, instituted, threatened, concluded or issued against, Zest or any of its properties, assets or operations relating to, or alleging any violation of, any Environmental Laws, and Zest is not aware of any facts which would reasonably be expected to give rise to any such claim, judicial or administrative proceeding, order or direction, or any liabilities relating thereto (whether contingent or otherwise).
 - (c) Neither Zest, nor any of its properties, assets or operations is the subject of any investigation, evaluation, audit or review by any Governmental Authority to determine whether any violation of any Environmental Laws has occurred or is occurring or whether any remedial action is needed in connection with a release of any contaminant into the environment.
 - (d) Zest is not required to hold or obtain any Authorization under any Environmental Laws in connection with the operation of its business as currently conducted and the ownership and use of its assets, and Zest has not received any notification that (i) any such Authorization under any Environmental Laws is required in connection with the operation of its business as currently conducted and the ownership and use of its assets, or (ii) any work, repairs, constructions or capital expenditures are required to be made by Zest as a condition of continued compliance with any Environmental Laws.
- (24) **Employment Matters.** Zest does not have nor has ever had any employees. Zest is not a party to any employment, management or consulting agreement of any kind whatsoever, or any collective

bargaining agreement, and further, has not entered into any written or oral agreement or understanding providing for bonuses, severance or termination payments to any director, officer or employee in connection with the termination of their position or their employment as a direct result of a change in control of Zest (including as a result of the Transaction).

(25) **No Limitations or Restrictions.**

- (a) Zest is neither a party to nor is otherwise bound by, and there is not in place, any non-competition, exclusivity or other similar agreement, commitment or understanding, whether written or oral, that would now or hereafter, in any material respect, restrict or limit the business and operations of Zest or the use of the properties and assets of Zest, as now conducted or presently proposed to be conducted by the Purchaser following the consummation of the Transaction.
- (b) There is no judgement, injunction, order or decree binding upon Zest that has or could reasonably be expected to have the effect of prohibiting, restricting or materially impairing any business practice of Zest, any acquisition of property by Zest, or the conduct of business by Zest as now conducted or presently proposed to be conducted by the Purchaser following the consummation of the Transaction.

(26) **Assets, Properties and Title.**

- (a) Zest does not own any real or immovable property.
- (b) Zest has valid, good, and marketable title to, and legal and beneficial ownership of the Zest IP free and clear of all Liens.

(27) **Taxes.**

- (a) Zest has duly and in a timely manner made or prepared all Tax Returns required to be made or prepared by it, and has duly and in a timely manner filed (within the prescribed times) all Tax Returns required to be filed by it with the appropriate Governmental Authority. All such Tax Returns were complete and correct in all material respects.
- (b) Zest has (i) duly and in a timely manner paid all Taxes, including installments on account of Taxes for the current year required by Applicable Laws, which are due and payable by it whether or not assessed by the appropriate Governmental Authority, (ii) duly and timely withheld all Taxes and other amounts required by Applicable Laws to be withheld by it (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the benefit of any Person) and has duly and timely remitted to the appropriate Governmental Authority such Taxes or other amounts required by law to be remitted by it, and (iii) duly and timely collected all amounts on account of any sales, use or transfer Taxes, including goods and services, harmonized sales, provincial and territorial taxes and state and local taxes, required by Applicable Laws to be collected by it and has duly and timely remitted to the appropriate Governmental Authority such amounts required by law to be remitted by it.
- (c) No material liability in respect of Taxes has been assessed, proposed to be assessed, incurred or accrued.
- (d) Except as disclosed to the Purchaser, Zest has not made, prepared and/or filed any elections, designations or similar filings relating to Taxes or entered into any agreement or other arrangement in respect of Taxes or Tax Returns in respect of any period. Zest is not a party to any agreement, waiver or arrangement with any Governmental Authority which

relates to any extension of time with respect to the filing of any Tax Return, any payment of Taxes or any action or assessment relating to Taxes.

- (e) There are no proceedings, investigations, audits, assessments, reassessments, or claims now pending or threatened against Zest in respect of any Taxes and there are no matters under discussion, audit or appeal with any Governmental Authority relating to Taxes.
 - (f) There are no Liens for Taxes upon any properties or assets of Zest.
 - (g) Zest has made available to the Purchaser true and complete copies of all Tax Returns, examination reports and statements of deficiencies for taxable periods, or transactions consummated, for which the applicable statutory periods of limitations have not expired.
- (28) **Brokers and Finders.** Zest has not engaged or authorized any Person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement, and no Person is, or will be entitled to, any brokerage or finder's fee in connection with the transactions contemplated by this Agreement.
- (29) **Financial Statements.** Zest has not produced any financial statements since inception.
- (30) **Corporate Records.** The Corporate Records of Zest are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all Applicable Laws and with the Constatng Documents of Zest. The minute books of Zest contain (i) complete and accurate minutes of all meetings of the directors (and any committee thereof) and the shareholders of Zest, and (ii) all written resolutions passed by the directors (and any committee thereof) and the shareholders of Zest. The share certificate books, if any, the central securities, the register and register of transfers, and the branch registers of Zest are complete and accurate, and all transfers of shares of Zest reflected therein have been duly completed and approved. The registers of directors and officers are complete and accurate and all former and present directors and officers of Zest were duly elected or appointed, as the case may be.
- (31) **Books and Records.** All Books and Records of Zest have been fully, properly and accurately kept and, where required, completed in accordance with GAAP, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein. The financial books and records and accounts of Zest (i) have been maintained in accordance with good business practices and in accordance with GAAP and with the accounting principles generally accepted in Canada, on a basis consistent with prior years, (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and dispositions of assets of Zest, and (ii) accurately and fairly reflect the basis for the financial books.

5.04 Survival of Representations and Warranties

The representations and warranties made by the parties and contained in this Agreement or any document or certificate given pursuant hereto shall survive the Closing of the Transaction until the date that is 12 months from the date of Closing. No claim for breach of any representation, warranty or covenant shall be valid unless that party against whom such claim is made has been given notice thereof before the expiry of such 12-month period.

ARTICLE VI

COVENANTS

6.01 Mutual Covenants

Each of the parties hereby covenants and agrees with each of the other parties as follows:

- (1) It will use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder which are reasonably under its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Transaction in accordance with the terms of this Agreement. Without limiting the generality of the foregoing, in the event that any Person, including without limitation, any securities regulatory authority, seeks to prevent, delay or hinder implementation of all or any portion of the Transaction or seeks to invalidate all or any portion of this Agreement, the Purchaser and Zest (acting on its own behalf, on behalf of the Seller and each Seller's Shareholders) shall use commercially reasonable efforts to resist such proceedings and to lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affecting the ability of the parties to complete the Transaction.
- (2) It will use commercially reasonable efforts to obtain, before the Time of Closing, all Authorizations, and all waivers, exemptions, consents, orders and other approvals from shareholders and third parties, as are necessary, for the consummation of the transactions contemplated herein.
- (3) It will use commercially reasonable efforts to defend, or cause to be defended, any lawsuits or other legal proceedings brought against it challenging this Agreement or the completion of the Transaction. It will not settle or compromise any claim brought against it in connection with the transactions contemplated by this Agreement prior to the Closing Date without the prior written consent of each of the other parties, such consent not to be unreasonably withheld, delayed, or conditioned.
- (4) It will promptly notify each of the other parties if any representation or warranty made by it in this Agreement ceases to be true and correct in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier) and of any failure to comply in any material respect with any of its obligations under this Agreement.
- (5) It will co-operate with each of the other parties in good faith in order to ensure the timely completion of the Transaction.
- (6) It will use commercially reasonable efforts to co-operate with each of the other parties in connection with the performance by each of the other parties of its obligations under this Agreement.

6.02 Covenants of the Purchaser

(A) The Purchaser covenants and agrees with the Seller and Zest as follows, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VII:

- (1) It will, in a timely and expeditious manner file and/or deliver any document or documents as may be required in order for the Transaction as contemplated herein to be effective.
- (2) Except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance the Purchaser will be required to disclose that information has been withheld on this basis), it will furnish promptly to Zest (on behalf of itself and its shareholders) a copy of each notice, report, schedule or other document or communication delivered, filed or received by the Purchaser in connection with or related to the Transaction, any filings under Applicable Laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein.
- (3) It will use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things

necessary, proper or advisable under all Applicable Laws to complete the Transaction as contemplated herein, including using commercially reasonable efforts to:

- (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts, as applicable;
- (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of either the Purchaser or Zest before any Governmental Authority to the extent permitted by such authorities; and
- (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction.

(4) Subject to Applicable Laws or as authorized by this Agreement, it will not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction.

(5) It will conduct and operate its business and affairs only in the Ordinary Course and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other Persons.

(6) Except as may be necessary or desirable in order to effect the Transaction as contemplated hereunder, it will not alter or amend its Constatng Documents as the same exist at the date of this Agreement.

(7) It will take all necessary corporate action and proceedings to approve and authorize the issuance of the Consideration Shares to the Seller in accordance with the terms of this Agreement.

(8) It will prepare and file with all applicable securities commissions such notifications and fees necessary to permit, or that are required in connection with, the issuance of the Consideration Shares to the Seller on a basis exempt from the prospectus requirements of the applicable Securities Laws of the provinces and territories of Canada in which the Seller and Zest are resident.

(B) The Purchaser covenants and agrees with each of the Seller and Zest that during the Escrow Period if the Purchaser:

- (a) is or becomes an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or any other Applicable Law;
- (b) has made or proposed to make an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof;
- (c) has initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution;
- (d) is otherwise the subject of Insolvency Proceedings (including but not limited to the appointment of a receiver or interim receiver for the Purchaser or any of its undertakings, property or assets, or any execution or distress has been levied on any of its undertakings, property or assets, or have any proceedings been commenced in connection with any of the foregoing);
- (e) is unable to pay its debts as they fall due and/or has stopped payment of its debts; or

(f) if the value of the assets held by the Purchaser are less than the amount of the liabilities of the Purchaser, taking into account contingent and prospective liabilities

(each, a “**Bankruptcy/Insolvency Event**”),

then, the Seller shall have a right of first refusal to repurchase the Zest IP from the Purchaser or receiver, as the case may be, by paying to the Purchaser or receiver a cash payment equal to the value of the Zest IP determined as (1) the ratio equal to the revenue generated by the Products utilizing the Zest IP during the period starting March 1, 2023 and ending February 29, 2024, divided by the total revenue of the Purchaser during said period multiplied by (2) the value of the Purchaser by an arm’s length proposed buyer resulting from the Bankruptcy/Insolvency Event.

6.03 Covenants of Zest

Subject to Section 9.01, Zest covenants and agrees with the Purchaser as follows, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VII:

- (1) It will, in a timely and expeditious manner file and/or deliver any document or documents as may be required in order for the Transaction as contemplated herein to be effective.
- (2) It will not solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Transaction. Without limiting the generality of the foregoing, it will neither (i) induce or attempt to induce any other Person to initiate any shareholder proposal or “takeover bid,” exempt or otherwise, within the meaning of the *Securities Act* (Ontario), for securities or assets of Zest, (ii) undertake any transaction or negotiate any transaction which would be, or potentially could be, in conflict with the Transaction, including, without limitation, allowing access to any third party to conduct due diligence, nor (iii) permit any of its officers or directors to authorize such access, except as required by statutory obligations. In the event Zest, including any of its officers or directors, receives any form of offer or inquiry, Zest shall forthwith (in any event within one Business Day following receipt) notify the Purchaser of such offer or inquiry and provide the Purchaser with such details as it may request.
- (3) It will make available and afford the Purchaser and its authorized representatives and, if requested by the Purchaser, provide a copy of all title documents, Contracts, financial statements, minute books, share certificate books, if any, share registers, plans, reports, licences, orders, permits, books of account, accounting records, constating documents and all other documents, information and data relating to Zest. Zest will afford the Purchaser and its authorized representatives every reasonable opportunity to have free and unrestricted access to Zest’s property, assets, undertaking, records and documents. At the request of the Purchaser, Zest will execute or cause to be executed such consents, Authorizations and directions as may be necessary to permit any inspection of Zest’s business and any of its property or to enable the Purchaser or its authorized representatives to obtain full access to all files and records relating to any of the assets of Zest maintained by Governmental Authorities. The obligations in this Section 6.03(3) are subject to any access or disclosure contemplated herein not being otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained, provided that in such circumstance Zest will be required to disclose that information has been withheld on this basis. The exercise of any rights of inspection by or on behalf of the Purchaser under this Section 6.03(3) will not mitigate or otherwise affect the representations and warranties of Zest hereunder.
- (4) Except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance Zest will be required to disclose that information has been withheld on this basis), it will furnish promptly to the Purchaser (on behalf of itself and its shareholders)

a copy of each notice, report, schedule or other document or communication delivered, filed or received by Zest in connection with or related to the Transaction, any filings under Applicable Laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein.

(5) It will use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Transaction as contemplated herein, including using commercially reasonable efforts to:

- (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts, as applicable;
- (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of either Zest or the Purchaser before any Governmental Authority to the extent permitted by such authorities; and
- (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction.

(6) Subject to Applicable Laws or as authorized by this Agreement, it will not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction.

(7) It will conduct and operate its business and affairs only in the Ordinary Course and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other Persons. For greater certainty, it will not enter into any material transaction out of the Ordinary Course without the prior consent of the Purchaser, and Zest will keep the Purchaser fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver could not be obtained.

(8) Except as may be necessary or desirable in order to effect the Transaction as contemplated hereunder, it will not alter or amend its Constatng Documents as the same exist at the date of this Agreement.

(9) It will not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other Person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement. Without limiting the generality of the foregoing, it will not:

- (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its shareholders;
- (ii) increase or decrease its paid-up capital or purchase or redeem any shares except upon the exercise of share purchase warrants or options or conversion of convertible securities of Zest outstanding (and disclosed to the Purchaser) as of the date hereof; or

- (iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire, any such shares, except upon the exercise of share purchase warrants or options or conversion of convertible securities of Zest outstanding (and disclosed to the Purchaser) as of the date hereof.
- (10) It will take all necessary corporate action and proceedings to approve and authorize the valid and effective transfer of the Purchased Shares to the Purchaser.
- (11) It will not authorize, sell or issue, or negotiate or enter into an agreement to sell or issue, any debt, equity or other securities of Zest (including those that are convertible or exchangeable into securities of Zest), other than as contemplated under this Agreement or pursuant to the exercise or conversion of share purchase warrants, options or convertible securities of Zest outstanding (and disclosed to the Purchaser) as of the date hereof.

6.04 Covenants of the Seller and each Seller's Shareholders

Subject to Section 9.01, the Seller and each Seller's Shareholders covenant and agree with the other parties as follows, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Article VII:

- (1) It will, in a timely and expeditious manner file and/or deliver any document or documents as may be required in order for the Transaction as contemplated herein to be effective.
- (2) It will not solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Transaction. Without limiting the generality of the foregoing, it will neither (i) induce or attempt to induce any other Person to initiate any shareholder proposal or "takeover bid," exempt or otherwise, within the meaning of the *Securities Act* (Ontario), for securities or assets of Zest, (ii) undertake any transaction or negotiate any transaction which would be, or potentially could be, in conflict with the Transaction, including, without limitation, allowing access to any third party to conduct due diligence, nor (iii) permit any of its officers or directors to authorize such access, except as required by statutory obligations. In the event Zest, the Seller or any of the Seller's Shareholders, including any of its officers or directors, receives any form of offer or inquiry, Zest, the Seller and the Seller's Shareholders shall forthwith (in any event within one Business Day following receipt) notify the Purchaser of such offer or inquiry and provide the Purchaser with such details as it may request.
- (3) It will make available and afford the Purchaser and its authorized representatives and, if requested by the Purchaser, provide a copy of all title documents, Contracts, financial statements, minute books, share certificate books, if any, share registers, plans, reports, licences, orders, permits, books of account, accounting records, constating documents and all other documents, information and data relating to Zest. Zest, the Seller and each Seller's Shareholders will afford the Purchaser and its authorized representatives every reasonable opportunity to have free and unrestricted access to Zest's property, assets, undertaking, records and documents. At the request of the Purchaser, the Seller, Zest and each Seller's Shareholders will execute or cause to be executed such consents, Authorizations and directions as may be necessary to permit any inspection of Zest's business and any of its property or to enable the Purchaser or its authorized representatives to obtain full access to all files and records relating to any of the assets of Zest maintained by Governmental Authorities. The obligations in this Section 6.04(3) are subject to any access or disclosure contemplated herein not being otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained, provided that in such circumstance Zest, the Seller and each Seller's Shareholders will be required to disclose that information has been withheld on this basis. The exercise of any rights of inspection by or on behalf of the Purchaser under this Section 6.04(3) will not mitigate or otherwise affect the representations and warranties of Zest, the Seller and each Seller's Shareholders hereunder.

(4) Except for non-substantive communications, and provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver cannot be obtained (provided that in such circumstance Zest, the Seller and each Seller's Shareholders will be required to disclose that information has been withheld on this basis), it will furnish promptly to the Purchaser (on behalf of itself and its shareholders) a copy of each notice, report, schedule or other document or communication delivered, filed or received by Zest, the Seller and each Seller's Shareholders in connection with or related to the Transaction, any filings under Applicable Laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein.

(5) It will use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Transaction as contemplated herein, including using commercially reasonable efforts to:

- (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts, as applicable;
- (ii) effect all necessary registrations and filings and submissions of information requested by any Governmental Authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of either Zest or the Purchaser before any Governmental Authority to the extent permitted by such authorities; and
- (iii) fulfill all conditions and satisfy all provisions of this Agreement and the Transaction.

(6) Subject to Applicable Laws or as authorized by this Agreement, it will not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction.

(7) It will cause Zest to conduct and operate its business and affairs only in the Ordinary Course and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other Persons. For greater certainty, Zest will not enter into any material transaction out of the Ordinary Course without the prior consent of the Purchaser, and Zest will keep the Purchaser fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver could not be obtained.

(8) It will cause Zest to not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other Person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement. Without limiting the generality of the foregoing, it will not:

- (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its shareholders;
- (ii) increase or decrease its paid-up capital or purchase or redeem any shares except upon the exercise of share purchase warrants or options or conversion of convertible securities of Zest outstanding (and disclosed to the Purchaser) as of the date hereof; or

- (iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire, any such shares, except upon the exercise of share purchase warrants or options or conversion of convertible securities of Zest outstanding (and disclosed to the Purchaser) as of the date hereof.
- (9) It will take all necessary corporate action and proceedings to approve and authorize the valid and effective transfer of the Purchased Shares to the Purchaser.
- (10) It will, in a timely and expeditious manner, provide such information with respect to the Seller and each Seller's Shareholders (and all beneficial owners thereof) as the Purchaser may reasonably require in connection with the Transaction to comply with the provisions of this Agreement and/or Applicable Laws.
- (11) It will not encumber, in any manner, the Purchased Shares held or beneficially owned by it, and will ensure that at the Time of Closing, the said Purchased Shares are free and clear of all Liens.

ARTICLE VII

TERMINATION

7.01 **Termination**

This Agreement may be terminated in writing at any time prior to the Closing:

- (1) by mutual written consent of the Purchaser and Zest (on its own behalf and on behalf of the Seller);
- (2) by either Zest or the Purchaser if the Closing shall not have been consummated on or prior to the Termination Date, without liability to the terminating party on account of such termination; provided that the right to terminate this Agreement pursuant to this Section 7.01(2) shall not be available to a party whose breach or violation of any representation, warranty, covenant, obligation or agreement under this Agreement has been the cause of or has resulted in the failure of the Closing to occur on or before such date;
- (3) by the Purchaser, if there has been a material breach by Zest, the Seller or each Seller's Shareholders of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in Sections 3.01 or 3.02 which Zest, the Seller or each Seller's Shareholders, as applicable, fails to cure within 10 Business Days after written notice thereof is given by the Purchaser;
- (4) by Zest, if there has been a material breach by the Purchaser of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in Sections 3.01 or 3.03 which the Purchaser fails to cure within 10 Business Days after written notice thereof is given by Zest;
- (5) by the Purchaser, if Zest completes an Alternative Transaction or enters into a definitive and binding agreement to give effect to an Alternative Transaction; and
- (6) by any party, if any permanent injunction or other order of a court or other competent authority preventing the Closing shall have become final and non-appealable, provided however, that no party shall be entitled to terminate this Agreement if such party's material breach of this Agreement or any of the documents contemplated hereby has resulted in such permanent injunction or order.

7.02 Effect of Termination

Upon termination of this Agreement in accordance with the terms hereof, the parties shall have no further obligations under this Agreement, other than the obligations contained in Sections 9.01, 9.03 and 9.08.

ARTICLE VIII

INDEMNIFICATION

8.01 Indemnification by the Purchaser

Subject to Section 5.04, the Purchaser shall indemnify and save the Seller and Zest harmless for and from (i) any loss, damages or deficiencies suffered by the Seller or Zest as a result of any breach of representation, warranty or covenant on the part of the Purchaser contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement that have been Finally Determined, and (ii) all claims, demands, costs and expenses, including reasonable legal fees, in respect of the foregoing that have been Finally Determined.

8.02 Indemnification by Zest and the Seller and each Seller's Shareholders

Subject to Section 5.04, (i) the Seller shall severally and jointly with Zest and each of the Seller's Shareholders, indemnify and save the Purchaser harmless for and from any loss, damages or deficiencies suffered by the Purchaser as a result of any breach of representation, warranty or covenant on the part of Zest contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement that have been Finally Determined, and for and from all claims, demands, costs and expenses, including reasonable legal fees, in respect of the foregoing that have been Finally Determined; and (ii) the Seller shall, severally and jointly with Zest and each of the Seller's Shareholders, indemnify and save the Purchaser harmless for and from any and all claims, demands, actions, applications, suits, causes of action, charges, indictments, prosecutions, other similar processes for or relating to Taxes of Zest arising in or in respect of any period ending on, before or including the Closing Date that have been Finally Determined, including any Taxes relating to any period prior to the Closing Date for which a reassessment is issued by a Governmental Authority after the Closing Date.

8.03 Indemnification by the Seller and each of the Seller's Shareholders

Subject to Section 5.04, the Seller and each of the Seller's Shareholders shall jointly and severally indemnify and save the Purchaser harmless for and from (i) any loss, damages or deficiencies suffered by the Purchaser that have been Finally Determined as a result of: (x) any breach by the Seller and any of the Seller's Shareholders of any representation, warranty or covenant on the part of the Seller or each of the Seller's Shareholders contained in this Agreement or in any certificate or document delivered pursuant to or contemplated by this Agreement; and (y) as a result of any litigation (pending or commenced) against the Seller or any of the Seller's Shareholders; and (ii) all claims, demands, costs and expenses, including reasonable legal fees, in respect of the foregoing that have been Finally Determined.

8.04 Notice of Claim

A party entitled to and seeking indemnification pursuant to the terms of this Agreement (such party, the "**Indemnified Party**") shall promptly give written notice to the party or parties, as applicable, responsible for indemnifying the Indemnified Party (each such party or parties, as applicable, the "**Indemnifying Party**") of any claim for indemnification pursuant to Sections 8.01, 8.02 and 8.03 (a "**Claim**", which term shall include more than one Claim) in accordance with the applicable survival period in Section 5.04. Such notice shall specify whether the Claim arises as a result of a claim by a Person against the Indemnified Party (a "**Third Party Claim**") or whether the Claim does not so arise (a "**Direct Claim**"), and shall also specify with reasonable particularity (to the extent that the information is available) (i) the factual basis for the Claim, and (ii) the amount of the Claim, or, if any amount is not then determinable, an approximate and reasonable estimate of the likely amount of the Claim.

8.05 Procedure for Indemnification

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

(2) Third Party Claims. With respect to any Third Party Claim, the Indemnified Party shall promptly (and in any event within fifteen (15) Business Days after receiving notice of the Third-Party Claim) notify the Indemnifying Party thereof in writing; provided, however, that failure to give such notice shall not limit the right of an Indemnified Party to recover hereunder from any Indemnifying Party except to the extent that such Indemnifying Party suffers any material prejudice or material harm with respect to such claim as a result of such. After receiving such notice, the Indemnifying Party shall have the right, at its own expense, to participate in or assume control of the negotiation, settlement or defence of such Third Party Claim within thirty (30) days of receiving such notice and, in such event, the Indemnifying Party shall reimburse the Indemnified Party for all the Indemnified Party's commercially reasonable out-of-pocket expenses incurred prior to the assumption by the Indemnifying Party of the control of the negotiation, settlement or defence of such Third Party Claim. If the Indemnifying Party elects to assume such control, the Indemnified Party shall reasonably cooperate with the Indemnifying Party, shall have the right to participate in the negotiation, settlement or defence of such Third Party Claim at its own expense and shall have the right to disagree on reasonable grounds with the selection and retention of counsel, in which case counsel satisfactory to the Indemnifying Party and Indemnified Party, each acting reasonably, shall be retained by the Indemnifying Party. The Indemnifying Party shall have the right to settle any Third Party Claim on the condition that: (1) it pays the monetary amounts to settle such Third Party Claim and (ii) the Indemnified Party is released from any liability relating to the Third Party Claim. If the Indemnifying Party, having elected to assume such control, thereafter fails to defend any such Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim.

8.06 General Indemnification Rules

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

- (1) without limiting the generality of Sections 8.01, 8.02 and 8.03, any Claim for breach of any representation, warranty or covenant shall be subject to Section 5.04;
- (2) the Indemnifying Party's obligation to indemnify the Indemnified Party shall only apply to the extent that the Claims in respect of which the Indemnifying Party has given an indemnity, in the aggregate, exceed \$25,000;
- (3) notwithstanding anything to the contrary in this Agreement, the aggregate liability of any Seller under this Agreement is their *pro rata share*, in accordance with Schedule "D", of the value of the Initial Consideration Shares, based upon the Deemed Price per Common Share, issued to such Seller and (iii) any Escrowed Shares, based on the applicable deemed issue price for such shares, released to such Seller in accordance with the Escrow Agreement, except that for a breach of this Agreement involving fraud or wilful misrepresentation, there will be no limit;
- (4) notwithstanding anything to the contrary in this Agreement, the aggregate liability of Zest under this Agreement is the value of the Initial Consideration Shares, based upon the Deemed Price per Common Share, issued to the Seller and any Escrowed Shares released to the Seller in accordance with

the Escrow Agreement, based on the applicable deemed issue price for such shares, released to the Seller;

(5) notwithstanding anything to the contrary in this Agreement, the aggregate liability of the Purchaser to any and all Indemnified Parties under this Article VIII shall be limited to the value of the Consideration Shares issued and released to the Seller as Finally Determined under this Agreement;

(6) if any Third Party Claim is of a nature such that the Indemnified Party is required by Applicable Laws to make a payment to any Person (a “**Third Party**”) with respect to such Third Party Claim before the completion of settlement negotiations or related legal proceedings and the Indemnified Party has complied with Section 8.04 and the Indemnifying Party has not assumed control of the negotiation, settlement or defence of such Third Party Claim in accordance with Section 8.05(2), the Indemnified Party may make such payment and thereafter seek reimbursement from the Indemnifying Party for any such payment. If the foregoing conditions have been satisfied and any Indemnifying Party pays, or reimburses an Indemnified Party in respect of any Third Party Claim before completion of settlement negotiations or related legal proceedings, and the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party;

(7) except in the circumstance contemplated by Section 8.05, and whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnified Party shall not negotiate, settle, compromise or pay any Third Party Claim except with the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld);

(8) the Indemnified Party shall not permit any right of appeal in respect of any Third Party Claim to terminate without giving the Indemnifying Party notice and an opportunity to contest such Third Party Claim;

(9) the Indemnified Party and Indemnifying Party shall cooperate fully with each other with respect to Third Party Claims and shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available);

(10) Indemnified Parties hereunder have a duty to use commercially reasonable efforts to mitigate any damages that would otherwise be recoverable from an Indemnifying Party; and

(11) the provisions of this Article VIII shall constitute the sole remedy available to a party against another party with respect to any and all breaches of any agreement, covenant, representation or warranty made by such other party in this Agreement.

ARTICLE IX

EXCLUSIVITY AND ACCESS

9.01 Obligations of Zest, the Seller and each Seller’s Shareholders

Prior to the Termination Date, or the earlier termination of this Agreement, Zest, the Seller and each Seller’s Shareholders shall not, directly or indirectly, negotiate or deal with any party other than with the Purchaser relating to an Alternative Transaction involving Zest or the sale or disposition of any part of the outstanding Zest Shares or assets of Zest, or solicit enquiries or provide information with respect to same. Nothing contained in this Agreement will prohibit, prevent or restrict Zest from furnishing or providing information in respect of or otherwise responding to or engaging in discussions or negotiations in respect of, an unsolicited Alternative Transaction not resulting from a breach of this Section 9.01, or the directors of Zest, in the fulfilment of their fiduciary duties, from supporting or facilitating any such unsolicited Alternative Transaction, or Zest, the Seller or each Seller’s Shareholders from completing any

such Alternative Transaction, or entering into a definitive and binding agreement to effect such an Alternative Transaction, if directors of Zest determine in good faith, after consultation, to the extent considered appropriate by the directors, with its financial and legal advisors, that such unsolicited Alternative Transaction constitutes, or could reasonably be expected to lead to or result in, a transaction that would, if consummated in accordance with its terms, be more favourable to Zest, the Seller or the Seller's Shareholders than the Transaction, provided however, that prior to taking such action, the directors of Zest shall have concluded, after considering Applicable Laws, and receiving advice of independent, outside legal counsel, that such action would be a proper exercise of their fiduciary duties, that it is appropriate that the directors take such action in order to properly discharge their fiduciary duties, or that such action is otherwise required under Applicable Laws. In the event Zest or its shareholders receive any form of offer or inquiry, Zest shall forthwith (in any event within one Business Day following receipt) notify the Purchaser of such offer or inquiry and provide the Purchaser with such details as it may request. Notwithstanding the foregoing, in the event that this Agreement is terminated by Zest, the Seller and/or the Seller's Shareholders or Zest, the Seller and/or the Seller's Shareholders complete an Alternative Transaction or enters into a definitive and binding agreement to effect an Alternative Transaction, then the Seller and/or the Seller's Shareholders shall promptly pay the Purchaser an aggregate break fee of \$20,000.

GENERAL

9.02 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement (each, a "**notice**") shall be in writing shall be in writing addressed as follows:

(a) If to the Purchaser:

Lifest Wellness Inc.



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

Garfinkle Biderman LLP
Suite 801 - 1 Adelaide Street East
Toronto, Ontario, M5C 2V9



(b) If to Zest, the Seller or any of the Seller's Shareholders:

100501971 Ontario Inc. c/o Zest Cannabis Inc.



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

CC Corporate Counsel Professional Corporation
20 Great Gulf Drive, Suite 14
Vaughan, Ontario, L4K0K7



or such other address as may be designated by notice given by either Zest or the Purchaser to the other in accordance with this Section 9.02. Each notice shall be personally delivered to the addressee or sent by e-mail to the addressee and a notice which is personally delivered or sent by email shall, if delivered or sent prior to 4:00 p.m. (local time of the recipient) on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the next Business Day. Any notice delivered to Zest in accordance with this Section 9.02 prior to the Time of Closing shall be deemed to have been delivered to the Seller and each Seller's Shareholders. The previous sentence of this Section 9.02 shall not apply to a notice given as contemplated in Section 3.04 of the occurrence, or failure to occur, of any event or state of facts which would or would likely to cause any of the representations or warranties of the Seller or any of the Seller's Shareholders to be untrue or inaccurate or result in the failure by the Seller or any of the Seller's Shareholders to comply with or satisfy any covenant, condition or agreement, which notice shall not be deemed to have been received by the Seller and each Seller's Shareholders unless delivered to the address of the Seller as reflected in the books of Zest (or after the Time of Closing, the books of the Purchaser) or the address of the Seller's Shareholders as reflected in the books of the Seller. The Seller may, from time to time, by notice given in accordance with this Section 9.02, designate or provide an address of the Seller for notices to be given after the Time of Closing.

9.03 Confidentiality

Prior to Closing and, if the Transaction is not completed, at all times thereafter, each of the parties will keep confidential and refrain from using all information obtained by it in connection with the transactions contemplated by this Agreement relating to all other parties, provided however that such obligation shall not apply to any information which was in the public domain at the time of its disclosure to a party or which subsequently comes into the public domain other than as a result of a breach of such party's obligations under this Section 9.03. For greater certainty, nothing contained herein shall prevent any disclosure of information which may be required pursuant to Applicable Laws or pursuant to an order in judicial or administrative proceedings or any other order made by any Governmental Authority.

9.04 Assignment

No party may assign this Agreement or its rights or obligations hereunder without the prior written consent of the other parties, such consent not to be unreasonably withheld, delayed, or conditioned.

9.05 Binding Effect

This Agreement shall be binding upon and shall enure to the benefit of the parties and their respective heirs, successors and permitted assigns.

9.06 Waiver

No waiver of any provision of this Agreement will constitute a waiver of any other provision, nor will any waiver constitute a continuing waiver unless otherwise expressly provided.

9.07 Governing Law

This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

9.08 Expenses

Each party shall be responsible for and bear all of its own costs and expenses (including any legal, accounting, banking, broker's, finder's, consultant's or other fees or expenses) incurred in connection with the Transaction, including fees and expenses of its representatives incurred at any time in connection with pursuing or consummating the Transaction.

9.09 No Personal Liability

- (a) No director, officer, employee or agent of the Purchaser (in such capacity) shall have any personal liability whatsoever to Zest or the Seller under this Agreement or any other document delivered in connection with the Transaction on behalf of the Purchaser.
- (b) No director, officer, employee or agent of Zest (in such capacity) shall have any personal liability whatsoever to the Purchaser, or to the shareholders of the Purchaser under this Agreement or any other document delivered in connection with the Transaction on behalf of Zest or the Seller.
- (c) No director, officer, employee or agent of the Seller (in such capacity) shall have any personal liability whatsoever to the Purchaser, or to the shareholders of the Purchaser under this Agreement or any other document delivered in connection with the Transaction on behalf of Zest or the Seller.

9.10 Time of Essence

Time is of the essence of this Agreement and of each of its provisions.

9.11 Public Announcements

Zest and the Purchaser shall co-operate with the other in releasing information concerning this Agreement and the transactions contemplated herein and shall furnish to and discuss with the other drafts of all press and other releases prior to publication. No press release or other public announcement concerning the proposed transactions contemplated by this Agreement will be made by any party without the prior consent of the other parties, such consent not to be unreasonably withheld, delayed, or conditioned, provided however that, nothing contained herein shall prevent any party at any time from furnishing any information to any Governmental Authority or to the public if so required by Applicable Law. Notwithstanding the foregoing, in accordance with the policies of the Exchange, the Purchaser and Zest shall agree on the text of joint press releases by which the Purchaser will announce (i) the execution of this Agreement and (ii) the Closing.

9.12 Further Assurances

Each party will, upon request but without further consideration, from time to time promptly execute and deliver all further documents and take all further action as may be necessary or appropriate to give effect to and perform the provisions and intent of this Agreement and to complete the transactions contemplated herein.

9.13 Entire Agreement

This Agreement, together with the documents required to be delivered pursuant to this Agreement, constitute the entire agreement among the parties pertaining to the subject matter hereof and supersedes and replaces all prior agreements, understandings, negotiations, and discussions, whether oral or written, including the Original Share Purchase Agreement, between the parties with respect to the subject matter hereof. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained in this Agreement and any document delivered pursuant to this Agreement and no rights of set off are granted under this Agreement or any other agreement made among the parties except for any matter that has been Finally Determined.

9.14 Amendments

No amendment of any provision of this Agreement will be binding on any party unless consented to in writing by such party.

9.15 Severability

In the event that any provision or part of this Agreement is determined by any court or other judicial or administrative body to be illegal, null, void, invalid or unenforceable, that provision shall be severed to the extent that it is so declared and the other provisions of this Agreement shall continue in full force and effect.

9.16 Remedies Cumulative

The rights and remedies of the parties under this Agreement are cumulative and in addition to, and not in substitution for, any rights or remedies provided by Applicable Laws. Any single or partial exercise by any party of any right or remedy for default or breach of any term, covenant or condition of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such party may be lawfully entitled for the same default or breach.

9.17 Counterparts

This Agreement may be executed and delivered in one or more counterparts and may be executed and delivered by facsimile or any other electronically communicated method, each of which when executed and delivered shall be deemed an original and all of which counterparts together shall be deemed to constitute one and the same instrument.

[Remainder of page intentionally left blank. Signature pages follow.]

IN WITNESS WHEREOF this Agreement has been executed by the parties on the date first above written.

LIFEIST WELLNESS INC.

By: signed "Meni Morim"

Name: Meni Morim
Title: CEO

ZEST CANNABIS INC.

By: signed "Max Fraser"

Name: Max Fraser
Title: CEO

1000501971 ONTARIO INC.

By: signed "Max Fraser"

Name: Max Fraser
Title: CEO

13735346 CANADA INC.

By: signed "Max Fraser"

Name: Max Fraser
Title: CEO

1000496959 ONTARIO LTD.

By: signed "Nicolai Kosovitch"

Name: Nicolai Kosovitch
Title: Director

SCHEDULE "A"

CERTIFICATION OF SHAREHOLDER'S INFORMATION

LIFEIST WELLNESS INC.

("CORPORATION")

CERTIFICATION

OF

SHAREHOLDER'S INFORMATION

Please print all information (other than signatures), as applicable, in the space provided below

<u>Shareholder Information and Signature</u>	

<i>(Name of Shareholder)</i>	
By: _____	
<i>Authorized Signature</i>	

<i>(Official Capacity or Title – if the Shareholder is not an individual)</i>	

<i>(Name of individual whose signature appears above if different than the name of the Shareholder printed above)</i>	

<i>(Shareholder's Full Residential Address, including Postal/Zip Code)</i>	

<i>(Shareholder's Telephone Number)</i>	<i>(Email Address)</i>

<u>Securities Information</u>
Number of Securities Acquired: _____
Purchase Price per Security: _____

<u>Relationship to the Corporation:</u>

<u>State whether the Shareholder is a Related Person¹ (as defined herein) of the Corporation:</u>
Yes <input type="checkbox"/> No <input type="checkbox"/>
<u>Number and kind of securities of the Corporation held, directly or indirectly, if any:</u>

¹ "Related Person" means

- (i) a Related Entity (defined as (a) person that is an affiliated entity of the Corporation of which the Corporation is a control block holder, (b) a management company or distribution company of a mutual fund that is a listed issuer, or (c) a management company or other company that operates a trust or partnership that is a listed issuer), of the Corporation;
- (ii) a partner, director or officer of the Corporation or Related Entity;
- (iii) a promoter of or person who performs investor relations activities for the Corporation or Related Entity;
- (iv) any person that beneficially owns, either directly or indirectly, or exercises voting control or direction over at least 10% of the total voting rights attached to all voting securities of the Corporation or Related Entity; and (v) such other person as may be designated from time to time by the Canadian Securities Exchange.

SCHEDULE "B"

SUPPORT AND VOTING AGREEMENT

(See attached.)

SUPPORT AND VOTING AGREEMENT

This support and voting agreement (this “**Agreement**”), dated as of July 20, 2023 is entered into among the undersigned, 13735346 Canada Inc., and 1000496959 Ontario Ltd. (the “**Securityholders**”) and Lifeist Wellness Inc., a corporation incorporated under the laws of the Province of British Columbia (the “**Purchaser**”).

WHEREAS the Purchaser has entered into an amended and restated share purchase agreement with the Securityholders, 1000501971 Ontario Inc. (“**Zest**”), 1000594871 Ontario Corp., Zest Cannabis Inc. (the “**Seller**”), dated as of July 20, 2023 (the “**Share Purchase Agreement**”), for the sale and purchase of 100% of the issued share capital of Zest, which is owned by the Seller (the “**Acquisition**”);

AND WHEREAS the Securityholders will, directly or indirectly, become the registered and/or direct or indirect beneficial owner of, or exercises control or direction over common shares in the capital of the Purchaser as a result of the Acquisition (“**Subject Shares**”);

AND WHEREAS as a condition to the willingness of the Purchaser to enter into the Share Purchase Agreement and incur the obligations set forth in the Share Purchase Agreement, the Purchaser has required that the Securityholders enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions and Interpretive Provisions

In this Agreement:

- (a) all terms used and not defined herein that are defined in the Share Purchase Agreement shall have the respective meanings given to them in the Share Purchase Agreement;
- (b) the insertion of headings and the division of this Agreement into Sections are for convenience of reference only and shall not affect in any way the meanings and interpretation of this Agreement;
- (c) unless the contrary intention appears, words importing the singular include the plural and vice versa and words importing genders shall include all genders;
- (d) if the date on which any action is required to be taken by a party to this Agreement is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place;
- (e) references to the words “include”, “includes” or “including” shall be deemed to be followed by the words “without limitation” whether or not they are followed by those words or words of like import;
- (f) references to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof;
- (g) any reference to a “Person” includes the heirs, administrators, executors, legal personal representatives, predecessors, successors and permitted assigns of that Person; and
- (h) references to a particular statute or law shall be to such statute or law and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated thereunder or amended from time to time.

2. Representations and Warranties of the Securityholders.

Each of the Securityholders represents and warrants to the Purchaser as follows as at the date of this Agreement and acknowledges that the Purchaser is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

(a) **Organization and Authority and Capacity.** If the Securityholder is not an individual: (i) the Securityholder is a corporation or entity incorporated or organized, as applicable, and existing under the laws of its jurisdiction of incorporation, organization or formation; (ii) the execution and delivery of this Agreement by the Securityholder and the consummation by it of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action and no other corporate proceedings on the part of the Securityholder are necessary to authorize this Agreement or the transactions contemplated by this Agreement; and (iii) the Securityholder has the corporate power and capacity to enter into this Agreement and to carry out all of its obligations hereunder. If the Securityholder is an individual, the Securityholder is of the age of majority and has the capacity to enter into and execute this Agreement and to observe and perform its covenants and obligations hereunder.

(b) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Securityholder and, assuming the due authorization, execution and delivery by each of the other parties hereto, constitutes a legal, valid and binding agreement of the Securityholder enforceable against it in accordance with its terms subject only to any limitation on bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(c) **Non-Contravention.** The execution, delivery and performance by the Securityholder of its obligations under this Agreement and the completion of the transactions contemplated by this Agreement do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) contravene, conflict with, or result in the violation of: (i) the articles, by-laws or other constating documents of the Securityholder (as applicable); (ii) any other agreement or instrument to which the Securityholder is a party or by which the Securityholder or any of the Securityholder's property or assets is bound; and (iii) any applicable laws.

(d) **Ownership of Subject Shares.** The Securityholder will become, as a result of the Acquisition, the legal and beneficial owner of, or the beneficial owner exercising control or direction over, the Subject Shares, free and clear of any Liens. The Securityholder will have the sole dispositive power and the sole power to agree to the matters set forth in this Agreement with respect to the Subject Shares. None of the Subject Shares will be subject to any agreement, arrangement or restriction with respect to the voting thereof, except as contemplated by this Agreement. No Person has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual), capable of becoming an agreement or option for the purchase, acquisition or transfer from the Securityholder of any of the Subject Shares.

(e) **Litigation.** There is no claim, action, lawsuit, arbitration, mediation or other proceeding pending or, to the knowledge of the Securityholder, threatened against the Securityholder that would reasonably be expected to have an adverse impact on the validity of this Agreement or any action taken or to be taken by the Securityholder in connection with this Agreement.

3. Representations and Warranties of the Purchaser.

The Purchaser represents and warrants to the Securityholders as follows as at the date of this Agreement and acknowledges that the Securityholders are relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

(a) **Organization and Authority.** The Purchaser is a corporation incorporated and existing under the laws of the Province of British Columbia and has the corporate power and capacity to enter into and perform its obligations under this Agreement. The execution and delivery of this Agreement by the Purchaser and the

consummation by it of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action and no other corporate proceedings on the part of the Purchaser are necessary to authorize this Agreement or the transactions contemplated by this Agreement.

(b) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Purchaser and, assuming the due authorization, execution and delivery by each of the other parties hereto, constitutes a legal, valid and binding agreement of the Purchaser enforceable against it in accordance with its terms subject only to any limitation on bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies, such as specific performance and injunction.

(c) **Non-Contravention.** The execution, delivery and performance by the Purchaser of its obligations under this Agreement and the completion of the transactions contemplated by this Agreement do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) contravene, conflict with, or result in the violation of: (i) the articles, by-laws or other constituting documents of the Purchaser; (ii) any other agreement or instrument to which the Purchaser is a party or by which the Purchaser or any of the Purchaser's property or assets is bound; and (iii) any applicable laws.

4. Covenants of the Securityholders.

Each of the Securityholders covenants and agrees that during the period from the date of this Agreement until the earlier of two (2) years following the Closing Date (the "**Outside Date**") and the date on which this Agreement is terminated in accordance with its terms (the "**Term**"), unless otherwise required or expressly permitted by this Agreement:

(a) **Agreement to Vote in Favour.** At any meeting of security holders of the Purchaser or in any other circumstances upon which a vote, consent or other approval (including by written consent in lieu of a meeting) is sought, the Securityholder shall cause the Subject Shares (which have a right to vote at such meeting) to be counted as present (in person or by proxy) for purposes of establishing quorum and shall vote (or cause to be voted) the Subject Shares (which have a right to vote at such meeting) in favour of any matter requiring shareholder approval that is put forth to the shareholders of the Purchaser by the board of directors of the Purchaser (the "**Board**").

(b) **Agreement to Vote Against.** At any meeting of security holders of the Purchaser or at any adjournment or postponement thereof or in any other circumstance upon which a vote, consent or other approval of all or some of the security holders of the Purchaser is sought (including by written consent in lieu of a meeting), the Securityholder shall cause the Subject Shares (which have a right to vote at such meeting) to be counted as present (in person or by proxy) for purposes of establishing quorum and shall vote (or cause to be voted) the Subject Shares (which have a right to vote at such meeting) against any matter put forth to the shareholders of the Purchaser by any party other than the Board, as constituted from time to time, including any change in the individuals who, as of the Closing Date, constitute the Board, unless such change has been approved by the then-current Board.

(c) **Right to Abstain.** Notwithstanding anything to the contrary herein this Agreement, the Securityholder shall be entitled to abstain from voting under Section 4(a) and Section 4(b), but in such case, shall cause the Subject Shares (which have a right to vote at such meeting) to be counted as present (in person or by proxy) for purposes of establishing quorum.

(d) **Delivery of Proxy.** The Securityholder agrees that it will, on or before the fifth Business Day prior to any meeting of the securityholders of the Purchaser: (i) with respect to any Subject Shares that are registered in the name of the Securityholder, the Securityholder shall deliver or cause to be delivered, in accordance with the instructions set out in management information circular provided in connection with such meeting, a duly executed proxy or proxies directing the holder of such proxy or proxies to vote in favour of the approval of the matters set forth in Section 4(a) and against the matters set forth in Section 4(b); and (ii) with respect to any Subject Shares that are beneficially owned by the Securityholder but not registered in

the name of the Securityholder, the Securityholder shall deliver or cause to be delivered voting instructions to the intermediary through which the Securityholder holds its beneficial interest in the Securityholder's Subject Shares, instructing that the Securityholder's Subject Shares be voted in favour of the approval of the matters set forth in Section 4(a) and against the matters set forth in Section 4(b). Such proxy or proxies shall name those individuals as may be designated by the Purchaser in the management information circular and such proxy or proxies or voting instructions shall not be revoked, withdrawn or modified without the prior written consent of the Purchaser.

(e) **Other Covenants.** The Securityholder hereby:

- (i) agrees not to exercise any rights of dissent with respect to any of the matters set forth in Section 4(a);
- (ii) consents to: (A) details of, or a summary of, this Agreement being set out in any news release, information circular, and court documents or other public disclosure produced by the Purchaser in connection with the transactions contemplated by this Agreement and the Share Purchase Agreement and (B) this Agreement being made publicly available, including by filing on SEDAR. Otherwise, each of the parties hereto shall consult with the other before making any public disclosure or announcement of or pertaining to this Agreement, and any such disclosure or announcement shall be mutually satisfactory to both such parties hereto, acting reasonably; provided that this shall not apply to any disclosure or announcement pertaining to this Agreement which a party is advised by legal counsel is required to be made by laws, stock exchange rules or policies of regulatory authorities having jurisdiction and which the other party after reasonable notice will not consent to; and
- (iii) acknowledges and agrees that a summary of the negotiations leading to the execution and delivery of this Agreement may appear in a management information circular of the Purchaser and in any other public disclosure document required by any applicable laws and further agrees that it will, as promptly as practicable, notify the Purchaser of any required corrections with respect to any written information supplied by it specifically for use in any such disclosure documents if and to the extent that the Securityholder becomes aware that any such information shall have become false or misleading in any material respect.

5. **Termination**

This Agreement shall terminate upon the earliest to occur of:

- (a) the written agreement of the Purchaser and each of the Securityholders; and
- (b) the Outside Date.

6. **Injunctive Relief.**

The parties to this Agreement acknowledge and agree that irreparable harm would occur for which monetary damages would not be an adequate remedy at law if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties to this Agreement shall be entitled to injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement and to ensure compliance with the terms of this Agreement, without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief. These remedies are cumulative and in addition to any other rights or remedies available at law or in equity.

7. **Entire Agreement**

This Agreement, together with the Share Purchase Agreement and Non-Disclosure, Non-Competition and Non-Solicitation Agreement, constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties, and there are no representations, warranties or other agreements between the parties, express or implied, in connection with the subject matter of this Agreement except as specifically set out in this Agreement, the Share Purchase Agreement or Non-Disclosure, Non-Competition and Non-Solicitation Agreement. No party has been induced to enter into this Agreement in reliance on, and there will be no liability assessed, either in tort or contract, with respect to any warranty, representation, opinion, advice or assertion of fact, except to the extent it has been reduced to writing and included as a term in this Agreement, the Share Purchase Agreement or Non-Disclosure, Non-Competition and Non-Solicitation Agreement.

8. Amendment and Waiver.

This Agreement may not be amended or supplemented, and no provisions hereof may be modified or waived, except by an instrument in writing signed by both of the parties hereto. No waiver of any provisions hereof by either party shall be deemed a waiver of any other provisions hereof by such party, nor shall any such waiver be deemed a continuing waiver of any provision hereof by such party.

9. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of Ontario and the federal laws of Canada applicable therein.

(b) Each of the parties hereto irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of Ontario in respect of all matters arising under and in relation to this Agreement and waives, to the fullest extent possible, the defence of an inconvenient forum or any similar defence to the maintenance of proceedings in such courts.

(c) The parties hereto confirm that it is their express wish that this Agreement, as well as any documents relating to this Agreement, including notices, schedules and authorizations, have been and shall be drawn up in the English language only.

(d) If any term or provision of this Agreement is determined to be illegal, invalid or incapable of being enforced by any court of competent jurisdiction, that term or provision will be severed from this Agreement and the remaining terms and provisions shall remain in full force and effect. Upon such determination that any term or provision of this Agreement is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the greatest extent possible.

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

(f) Time shall be of the essence in this Agreement.

(g) Each of the Securityholders and Purchaser will pay its own expenses (including the fees and disbursements of legal counsel and other advisers) incurred in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated by this Agreement.

(h) This Agreement shall be binding upon and enure to the benefit of the parties hereto and their successors and permitted assigns. Neither party to this Agreement may assign its rights or obligations under

this Agreement without the prior written consent of the other party hereto. No assignment shall relieve the assigning party of any of its obligations hereunder.

(i) This Agreement may be executed by facsimile or other electronic signature and in counterparts, each of which shall be deemed an original and all of which together constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first written above.

By: signed "Max Fraser"

Print Name of Securityholder: **13735346 Canada Inc.**

Name/Title of Representative: Max Fraser, CEO/Director

Address of Securityholder:



By: signed "Nicolai Kosovitch"

Print Name of Securityholder: **1000496959 Ontario Ltd.**

Name/Title of Representative: Nicolai Kosovitch, Director

Address of Securityholder:



LIFEIST WELLNESS INC.

By: signed "Meni Morim"

Name: Meni Morim

Title: CEO

SCHEDULE "C"

FORM OF NON-DISCLOSURE, NON-COMPETITION AND NON-SOLICITATION AGREEMENT

(See attached.)

FORM OF NON-DISCLOSURE, NON-COMPETITION AND NON-SOLICITATION AGREEMENT

This non-disclosure, non-competition and non-solicitation agreement (this “**Agreement**”), dated as of July 20, 2023 is entered into between the undersigned (the “**Covenantor**”) and Lifeist Wellness Inc., a corporation incorporated under the laws of the Province of British Columbia (the “**Purchaser**” and together with the Covenantor, the “**Parties**”).

WHEREAS the Purchaser has entered into an amended and restated share purchase agreement with 13735346 Canada Inc., 1000496959 Ontario Ltd., 1000501971 Ontario Inc. (“**Zest**”), 1000594871 Ontario Corp., Zest Cannabis Inc. (the “**Seller**”), dated as of July 20, 2023 (the “**Share Purchase Agreement**”), for the sale and purchase of 100% of the issued share capital of Zest, which is owned by 13735346 Canada Inc. and 1000496959 Ontario Ltd.;

AND WHEREAS as a condition to the willingness of the Purchaser to enter into the Share Purchase Agreement and incur the obligations set forth in the Share Purchase Agreement, the Purchaser has required that the Covenantor enter into this Agreement in order for the goodwill of Zest’s business to be transferred to the Purchaser as intended.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

DEFINITIONS

1. In this Agreement, in addition to the terms defined elsewhere in this Agreement, the following terms have the following meanings:
 - a. “**Agreement**” means this non-disclosure, non-competition and non-solicitation agreement as it may be confirmed, amended, modified, supplemented or restated by written agreement between the Parties.
 - b. “**Business**” means the operation, development, marketing and sales of cannabis products using Zest IP in the Territory as carried on by Zest Cannabis and/or Zest prior to the Closing Date;
 - c. “**Confidential Information**” means any information relating to Zest and/or Zest Cannabis, or the respective businesses of the foregoing, including information relating to identifiable individuals (“**Personal Information**”), whether communicated in written form, orally, visually, demonstratively, technically or by any other electronic form or other media, or committed to memory, but excluding information, other than Personal Information which:
 - i. was or is obtained from a source other the Covenantor or any person bound by a duty of confidentiality to the Covenantor, the Covenantor’s shareholders; or
 - ii. is, or becomes, available to or known by the public other than because of improper disclosure by the Purchaser or any of its representatives, advisors or lenders.
 - d. “**Customer**” means any person or business entity who is currently a customer or client of Zest and/or Zest Cannabis or has been a customer or client of either Zest and/or Zest Cannabis at any time during the two (2) year period before the date of this Agreement.
 - e. “**Domain**” is defined in Section 1.j.i.
 - f. “**Employee**” means any employee or contractor employed, engaged or retained by Zest Cannabis and/or Zest in connection with the Business on a full-time or on a part-time basis, including any who are on medical or long-term disability leave, or other statutory or authorized leave or absence.

- g. **Intellectual Property**” means any and all of the following in any jurisdiction throughout the world:
- i. trademarks, design marks, logos, service marks, certification marks, trade dress, trade indicia, distinguishing guises, slogans, meta-tags, keywords, ad words and other characters, brand elements, other distinguishing features used in association with goods and services and any additional branding usage, whether or not registered or the subject of an application for registration and whether or not registrable, together with the goodwill connected with the use of the foregoing (“**Trademarks**”);
 - ii. software in source code or object code form, documentation, literary works, artistic works, pictorial works, graphic works, musical works, dramatic works, audio-visual works, performances, sound recordings and signals, including their content, and any compilations of any of them, whether or not registered or the subject of an application for registration, or capable of being registered (“**Works**”);
 - iii. industrial designs and all variants of industrial designs, whether or not registered or the subject of an application for registration and whether or not registrable (“**Designs**”);
 - iv. vendor lists, supplier lists, customer lists, mailing lists, all analytical information including ad word, metatag, keyword and historical marketing data, technical expertise, research data, website files, trade secrets and all other confidential information and know-how;
 - v. inventions, arts, processes, machines, articles of manufacture, compositions of matter, business methods, formula, developments and improvements, whether or not patented or the subject of an application for patent and whether or not patentable methods and processes for making any of them, and related documentation (whether in written or electronic form) and know-how (“**Inventions**”);
 - vi. domain names, whether registered primary domain names or secondary or other higher level domain names (“**Domain Names**”) and social media account or usernames (including “**handles**”), whether or not trademarks, all associated web addresses, URLs, websites and web pages, social media sites and pages, and all content and data thereon or relating thereto, whether or not copyrights, and all goodwill connected with the use of the foregoing;
 - vii. internet domain name registrations; and
 - viii. any other intellectual property and related proprietary rights, interests and protections.
- h. **“Intellectual Property Rights**” means:
- i. any common law principle or statutory provision which may provide a right in Intellectual Property, including all:
 1. common law rights, registrations, pending applications for registration and rights to file applications for the Trademarks, including rights of priority;
 2. patents, pending patent applications and rights to file applications for Inventions, including all rights of priority and rights in continuations, continuations-in-part, divisions, reissues, renewals, re-examinations, exclusions, and other derivative applications and patents;
 3. copyrights in Works, registrations, pending applications for registration and rights to file applications for Works and all moral rights and benefits of waivers of moral rights in Works;

4. registrations, pending applications for registration and rights to file applications for registration of Domain Names and all other common law and statutory rights in Domain Names; and
 5. industrial design rights, design patents, design registrations, pending patent and design applications and rights to file applications for Designs, including all rights of priority and rights in continuations, continuations-in-part, divisions, re-examinations, reissues and other derivative applications.
- ii. all rights in licenses, sub-licenses, franchise agreements, waivers and other contractual rights in any of the items listed in Section 1.g.i; and
 - iii. all rights to enforce the rights and obtain remedies for a violation of any of the rights listed in Sections 1.g.i and 1.g.ii.
- i. **“Person”** will be broadly interpreted and includes:
 - i. a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person;
 - ii. a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and
 - iii. a governmental authority.
 - j. **“Purchased Intellectual Property”** means:
 - i. All Intellectual Property and corresponding Intellectual Property Rights related to the Zest IP, including the online domain zestcannabis.ca (the **“Domain”**), and for greater certainty, without limiting the foregoing, includes the Intellectual Property set forth in Schedule “A” to this Agreement; and
 - ii. All Intellectual Property and corresponding Intellectual Property Rights related to all vendor, supplier and customer lists, mailing lists, and all analytical information including ad word, metatag, keyword and historical marketing data of Zest Cannabis and/or Zest collected under the Domain Name zestcannabis.ca related thereto comprising the Zest IP used by Zest Cannabis and/or Zest prior to the Closing Date (the **“Zest Customer Data”**), and for greater certainty, without limiting the foregoing, includes the Intellectual Property set forth in Schedule “A” to the Agreement.
 - k. **“Zest Cannabis”** means Zest Cannabis Inc., an entity wholly owned by 13735346 Canada Inc.
 - l. **“Zest Customer Data”** is defined in Section 1.j.ii.
 - m. **“Support and Voting Agreement”** means the support and voting agreement entered into between the Parties.
 - n. **“Territory”** means worldwide.
2. All terms used and not defined herein that are defined in the Share Purchase Agreement shall have the respective meanings given to them in the Share Purchase Agreement.

NON-DISCLOSURE

3. The Covenantor acknowledges and agrees that, in the course of its association with Zest and/or Zest Cannabis, the Covenantor has had access to, and has acquired, Confidential Information.
4. The Covenantor further acknowledges and agrees that, upon consummation of the Share Purchase Agreement, the Purchaser shall acquire all rights to use and possession of, title to and ownership of the Confidential Information including the Purchased Intellectual Property and Intellectual Property Rights and as such the Covenantor will deliver all of the Confidential Information in written, electronic form or other media promptly to the Purchaser upon the completion of the transactions contemplated by the Share Purchase Agreement.
5. Accordingly, the Covenantor acknowledges and agrees to hold in strict confidence and not disclose or use any Confidential Information, for any purpose except as provided in Sections 7 and 8. The Covenantor will take such steps as may be required to protect and ensure that the Confidential Information remains strictly confidential.
6. The Covenantor acknowledges and agrees not to directly or indirectly:
 - a. misappropriate, disclose, transfer, assign, disseminate or otherwise communicate or make available (orally, in writing or otherwise) to any Person any Confidential Information; or
 - b. use or reproduce any such Confidential Information for their own benefit or purposes or for the benefit or purposes of any Person.
7. If the Covenantor is required by any applicable law or by any governmental authority to disclose any Confidential Information, the Covenantor will, if legally permissible, provide the Purchaser with prompt written notice of that requirement, so that the Purchaser may contest the disclosure of the Confidential Information and seek an appropriate protective order or other appropriate remedy.
8. If, in the absence of a protective order or other appropriate remedy, the Covenantor is required by any applicable law or by any governmental authority to disclose any Confidential Information or would be liable for contempt or to suffer other censure or penalty, then the Covenantor may, without liability under this Agreement, disclose that portion of the Confidential Information, but only that portion, that it is legally required to disclose.
9. The Covenantor will notify the Purchaser immediately upon discovery of any unauthorized or unlawful disclosure, divulgence, communication or use of any Confidential Information.
10. The obligations contained in this Non-Disclosure covenant shall be in effect for five (5) years after the Closing Date and thereafter shall terminate save and except that any obligations relating to any trade secrets that comprise Confidential Information, which shall be perpetual as long as such Confidential Information constitutes a trade secret.

NON-COMPETITION

11. The Covenantor agrees that it will not, for a period of two (2) years from the Closing Date, in any capacity or manner, whether directly or indirectly, individually or in partnership or otherwise jointly or in concert with any other Person:
 - a. advise, be engaged or interested in, be connected or associated with or carry on,
 - b. lend money to, provide financial assistance to, or guarantee the debts or obligations of, or

- c. permit such Covenantor name or any part of that name to be used or employed by any Person in connection with,
 - any activity, business or undertaking that competes with all or part of the Business within the Territory acquired by the Purchaser in accordance with the Share Purchase Agreement.
12. The Covenantor agrees that it will not, for a period of fifteen (15) years after the Closing Date, in any capacity or manner, whether directly or indirectly, individually or in partnership or otherwise jointly or in concert with any other Person:
- a. utilize the Domain,
 - b. use, grant a right to use, encourage the use of, license or otherwise exploit, register, apply to register, or otherwise take any steps to register rights in the Purchased Intellectual Property,
 - c. continue to use, link or host a website or cause any other third party, whether directly or indirectly, to use, link or host a website under domain name zescannabis.com.

NON-SOLICITATION

13. The Covenantor agrees with that it will not, for a period of two (2) years from the Closing Date, in any capacity or manner, whether directly or indirectly, individually or in partnership or otherwise jointly or in concert with any other Person:
- a. solicit any Customer, vendors, suppliers of the Business or Purchaser, or any other Persons indicated on the customer lists and mailing lists disclosed pursuant to the Share Purchase Agreement, when such solicitation is with respect to business that is competitive with the Business in the Territory;
 - b. induce or attempt to induce any Customer to reduce or curtail its business with the Purchaser or to terminate its relationship with the Purchaser;
 - c. provide any products or services in the Territory to any Customer where such products or services are the same as, or substantially similar to, or competitive with, the products or services offered by the Business; or
 - d. hire or attempt to hire or otherwise solicit any Employees of the Purchaser, Zest Cannabis and/or Zest for employment in or services to any business or undertaking with which it is associated.

NON-INFRINGEMENT OF INTELLECTUAL PROPERTY

14. The Covenantor represents and agrees not to, whether directly or indirectly, for a period of fifteen (15) years after the Closing Date:
- a. use, grant a right to use, encourage the use of, license or otherwise exploit, or
 - b. register, apply to register, or otherwise take any steps to register rights in, the Purchased Intellectual Property.

COVENANTS ARE REASONABLE

15. The Covenantor acknowledges and agrees that:
- a. without the covenants included in this Agreement, the Purchaser would not have entered into the Share Purchase Agreement;

- b. the covenants included in this Agreement are reasonable in the circumstances and are necessary to protect the economic positions of the Purchaser;
- c. a breach of any of this Agreement would cause serious and irreparable harm to the Purchaser which could not be compensated adequately by monetary damages, and that the Purchaser may seek to enforce this Agreement by injunction or specific performance upon application to a court of competent jurisdiction; and
- d. the remedies provided by this Agreement are in addition to, and not a substitute for, any other remedies for breach to which the Purchaser would be entitled.

GOVERNING LAW

- 16. This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that Province.

JURISDICTION

- 17. Each of the Parties irrevocably and unconditionally submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario to determine all issues, whether at law or in equity, arising from this Agreement.

ENTIRE AGREEMENT

- 18. This Agreement, together with the Share Purchase Agreement and Support and Voting Agreement, constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no representations, warranties or other agreements between the Parties, express or implied, in connection with the subject matter of this Agreement except as specifically set out in this Agreement, the Share Purchase Agreement or in Support and Voting Agreement. No Party has been induced to enter into this Agreement in reliance on, and there will be no liability assessed, either in tort or contract, with respect to any warranty, representation, opinion, advice or assertion of fact, except to the extent it has been reduced to writing and included as a term in this Agreement, the Share Purchase Agreement or Support and Voting Agreement.

NOTICES

- 19. All notices in connection with this Agreement shall be duly given upon receipt of such notice or communication at the address, email address, facsimile number below or at any other address, email address or facsimile number communicated in writing from one Party hereto to the other in accordance as follows:

- a. To the Purchaser:

Lifeist Wellness Inc.



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

Garfinkle Biderman LLP
Suite 801 - 1 Adelaide Street East
Toronto, Ontario, M5C 2V9

[Redacted]

b. To the Covenantor:

c/o Zest Cannabis Inc.

[Redacted]

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

CC Corporate Counsel Professional Corporation
20 Great Gulf Drive, Suite 14
Vaughan, Ontario, L4K 0K7

[Redacted]

SEVERABILITY

20. If any provision or part thereof, including individual words or phrases, contained in this Agreement, to any extent and for any reason is declared to be void, voidable, invalid, illegal, ineffective, frustrated or unenforceable by any court of competent jurisdiction, the remainder of the provision and this Agreement shall not be affected thereby, and each provision of this Agreement or part thereof shall be separately valid and enforceable to the fullest extent permitted by law. If such a provision may be made enforceable or effective by imposing limitations, particularly in respect of its scope in terms of time or territory, such limitations shall be imposed and made so as to render such provision enforceable and effective to the fullest extent permissible by law.

AMENDMENT AND WAIVER

21. No amendment, discharge, modification, restatement, supplement, termination or waiver of this Agreement or any Section of this Agreement is binding unless it is in writing and executed by the Party to be bound. No waiver of, failure to exercise or delay in exercising, any Section of this Agreement constitutes a waiver of any other Section (whether or not similar) nor does any waiver constitute a continuing waiver unless otherwise expressly provided.

COUNTERPARTS AND ELECTRONIC DELIVERY

22. This Agreement may be executed and delivered by the Parties in one or more counterparts, each of which will be an original, and each of which may be delivered by facsimile, e-mail or other functionally equivalent electronic means of transmission, and those counterparts will together constitute one and the same instrument.

INDEPENDENT LEGAL ADVICE

23. Each of the Parties acknowledges that they have read and understood the terms and conditions of this Agreement and acknowledge and agree that they have had the opportunity to seek, and were not prevented or discouraged by any other Party to this Agreement from seeking, any independent legal advice which they considered necessary before the execution and delivery of this Agreement and that, if they did not avail themselves of that opportunity before signing this Agreement, they did so voluntarily without any undue pressure, and agrees that their failure to obtain independent legal advice will not be used by them as a defence to the enforcement of their obligations under this Agreement.

[Remainder of page intentionally left blank. Signature pages follow.]

Each of the Parties has executed and delivered this Agreement as of the date noted at the beginning of the Agreement.

LIFEIST WELLNESS INC.

By: *signed "Meni Morim"*

Name:

Meni Morim

Title:

CEO

1000496959 ONTARIO LTD.

By: *signed "Nicolai Kosovitch"*

Name: Nicolai Kosovitch

Title: Director

FORM OF NON-DISCLOSURE, NON-COMPETITION AND NON-SOLICITATION AGREEMENT

This non-disclosure, non-competition and non-solicitation agreement (this “**Agreement**”), dated as of July 20, 2023 is entered into between the undersigned (the “**Covenantor**”) and Lifeist Wellness Inc., a corporation incorporated under the laws of the Province of British Columbia (the “**Purchaser**” and together with the Covenantor, the “**Parties**”).

WHEREAS the Purchaser has entered into an amended and restated share purchase agreement with 13735346 Canada Inc., 1000496959 Ontario Ltd., 1000501971 Ontario Inc. (“**Zest**”), 1000594871 Ontario Corp., Zest Cannabis Inc. (the “**Seller**”), dated as of July 20, 2023 (the “**Share Purchase Agreement**”), for the sale and purchase of 100% of the issued share capital of Zest, which is owned by 13735346 Canada Inc. and 1000496959 Ontario Ltd.;

AND WHEREAS as a condition to the willingness of the Purchaser to enter into the Share Purchase Agreement and incur the obligations set forth in the Share Purchase Agreement, the Purchaser has required that the Covenantor enter into this Agreement in order for the goodwill of Zest’s business to be transferred to the Purchaser as intended.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

DEFINITIONS

1. In this Agreement, in addition to the terms defined elsewhere in this Agreement, the following terms have the following meanings:
 - a. “**Agreement**” means this non-disclosure, non-competition and non-solicitation agreement as it may be confirmed, amended, modified, supplemented or restated by written agreement between the Parties.
 - b. “**Business**” means the operation, development, marketing and sales of cannabis products using Zest IP in the Territory as carried on by Zest Cannabis and/or Zest prior to the Closing Date;
 - c. “**Confidential Information**” means any information relating to Zest and/or Zest Cannabis, or the respective businesses of the foregoing, including information relating to identifiable individuals (“**Personal Information**”), whether communicated in written form, orally, visually, demonstratively, technically or by any other electronic form or other media, or committed to memory, but excluding information, other than Personal Information which:
 - i. was or is obtained from a source other the Covenantor or any person bound by a duty of confidentiality to the Covenantor, the Covenantor’s shareholders; or
 - ii. is, or becomes, available to or known by the public other than because of improper disclosure by the Purchaser or any of its representatives, advisors or lenders.
 - d. “**Customer**” means any person or business entity who is currently a customer or client of Zest and/or Zest Cannabis or has been a customer or client of either Zest and/or Zest Cannabis at any time during the two (2) year period before the date of this Agreement.
 - e. “**Domain**” is defined in Section 1.j.i.
 - f. “**Employee**” means any employee or contractor employed, engaged or retained by Zest Cannabis and/or Zest in connection with the Business on a full-time or on a part-time basis, including any who are on medical or long-term disability leave, or other statutory or authorized leave or absence.

- g. **Intellectual Property**” means any and all of the following in any jurisdiction throughout the world:
- i. trademarks, design marks, logos, service marks, certification marks, trade dress, trade indicia, distinguishing guises, slogans, meta-tags, keywords, ad words and other characters, brand elements, other distinguishing features used in association with goods and services and any additional branding usage, whether or not registered or the subject of an application for registration and whether or not registrable, together with the goodwill connected with the use of the foregoing (“**Trademarks**”);
 - ii. software in source code or object code form, documentation, literary works, artistic works, pictorial works, graphic works, musical works, dramatic works, audio-visual works, performances, sound recordings and signals, including their content, and any compilations of any of them, whether or not registered or the subject of an application for registration, or capable of being registered (“**Works**”);
 - iii. industrial designs and all variants of industrial designs, whether or not registered or the subject of an application for registration and whether or not registrable (“**Designs**”);
 - iv. vendor lists, supplier lists, customer lists, mailing lists, all analytical information including ad word, metatag, keyword and historical marketing data, technical expertise, research data, website files, trade secrets and all other confidential information and know-how;
 - v. inventions, arts, processes, machines, articles of manufacture, compositions of matter, business methods, formula, developments and improvements, whether or not patented or the subject of an application for patent and whether or not patentable methods and processes for making any of them, and related documentation (whether in written or electronic form) and know-how (“**Inventions**”);
 - vi. domain names, whether registered primary domain names or secondary or other higher level domain names (“**Domain Names**”) and social media account or usernames (including “**handles**”), whether or not trademarks, all associated web addresses, URLs, websites and web pages, social media sites and pages, and all content and data thereon or relating thereto, whether or not copyrights, and all goodwill connected with the use of the foregoing;
 - vii. internet domain name registrations; and
 - viii. any other intellectual property and related proprietary rights, interests and protections.
- h. **“Intellectual Property Rights**” means:
- i. any common law principle or statutory provision which may provide a right in Intellectual Property, including all:
 1. common law rights, registrations, pending applications for registration and rights to file applications for the Trademarks, including rights of priority;
 2. patents, pending patent applications and rights to file applications for Inventions, including all rights of priority and rights in continuations, continuations-in-part, divisions, reissues, renewals, re-examinations, exclusions, and other derivative applications and patents;
 3. copyrights in Works, registrations, pending applications for registration and rights to file applications for Works and all moral rights and benefits of waivers of moral rights in Works;

4. registrations, pending applications for registration and rights to file applications for registration of Domain Names and all other common law and statutory rights in Domain Names; and
 5. industrial design rights, design patents, design registrations, pending patent and design applications and rights to file applications for Designs, including all rights of priority and rights in continuations, continuations-in-part, divisions, re-examinations, reissues and other derivative applications.
- ii. all rights in licenses, sub-licenses, franchise agreements, waivers and other contractual rights in any of the items listed in Section 1.g.i; and
 - iii. all rights to enforce the rights and obtain remedies for a violation of any of the rights listed in Sections 1.g.i and 1.g.ii.
- i. **“Person”** will be broadly interpreted and includes:
 - i. a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person;
 - ii. a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and
 - iii. a governmental authority.
 - j. **“Purchased Intellectual Property”** means:
 - i. All Intellectual Property and corresponding Intellectual Property Rights related to the Zest IP, including the online domain zestcannabis.ca (the **“Domain”**), and for greater certainty, without limiting the foregoing, includes the Intellectual Property set forth in Schedule “A” to this Agreement; and
 - ii. All Intellectual Property and corresponding Intellectual Property Rights related to all vendor, supplier and customer lists, mailing lists, and all analytical information including ad word, metatag, keyword and historical marketing data of Zest Cannabis and/or Zest collected under the Domain Name zestcannabis.ca related thereto comprising the Zest IP used by Zest Cannabis and/or Zest prior to the Closing Date (the **“Zest Customer Data”**), and for greater certainty, without limiting the foregoing, includes the Intellectual Property set forth in Schedule “A” to the Agreement.
 - k. **“Zest Cannabis”** means Zest Cannabis Inc., an entity wholly owned by 13735346 Canada Inc.
 - l. **“Zest Customer Data”** is defined in Section 1.j.ii.
 - m. **“Support and Voting Agreement”** means the support and voting agreement entered into between the Parties.
 - n. **“Territory”** means worldwide.
2. All terms used and not defined herein that are defined in the Share Purchase Agreement shall have the respective meanings given to them in the Share Purchase Agreement.

NON-DISCLOSURE

3. The Covenantor acknowledges and agrees that, in the course of its association with Zest and/or Zest Cannabis, the Covenantor has had access to, and has acquired, Confidential Information.
4. The Covenantor further acknowledges and agrees that, upon consummation of the Share Purchase Agreement, the Purchaser shall acquire all rights to use and possession of, title to and ownership of the Confidential Information including the Purchased Intellectual Property and Intellectual Property Rights and as such the Covenantor will deliver all of the Confidential Information in written, electronic form or other media promptly to the Purchaser upon the completion of the transactions contemplated by the Share Purchase Agreement.
5. Accordingly, the Covenantor acknowledges and agrees to hold in strict confidence and not disclose or use any Confidential Information, for any purpose except as provided in Sections 7 and 8. The Covenantor will take such steps as may be required to protect and ensure that the Confidential Information remains strictly confidential.
6. The Covenantor acknowledges and agrees not to directly or indirectly:
 - a. misappropriate, disclose, transfer, assign, disseminate or otherwise communicate or make available (orally, in writing or otherwise) to any Person any Confidential Information; or
 - b. use or reproduce any such Confidential Information for their own benefit or purposes or for the benefit or purposes of any Person.
7. If the Covenantor is required by any applicable law or by any governmental authority to disclose any Confidential Information, the Covenantor will, if legally permissible, provide the Purchaser with prompt written notice of that requirement, so that the Purchaser may contest the disclosure of the Confidential Information and seek an appropriate protective order or other appropriate remedy.
8. If, in the absence of a protective order or other appropriate remedy, the Covenantor is required by any applicable law or by any governmental authority to disclose any Confidential Information or would be liable for contempt or to suffer other censure or penalty, then the Covenantor may, without liability under this Agreement, disclose that portion of the Confidential Information, but only that portion, that it is legally required to disclose.
9. The Covenantor will notify the Purchaser immediately upon discovery of any unauthorized or unlawful disclosure, divulgence, communication or use of any Confidential Information.
10. The obligations contained in this Non-Disclosure covenant shall be in effect for five (5) years after the Closing Date and thereafter shall terminate save and except that any obligations relating to any trade secrets that comprise Confidential Information, which shall be perpetual as long as such Confidential Information constitutes a trade secret.

NON-COMPETITION

11. The Covenantor agrees that it will not, for a period of two (2) years from the Closing Date, in any capacity or manner, whether directly or indirectly, individually or in partnership or otherwise jointly or in concert with any other Person:
 - a. advise, be engaged or interested in, be connected or associated with or carry on,
 - b. lend money to, provide financial assistance to, or guarantee the debts or obligations of, or

- c. permit such Covenantor name or any part of that name to be used or employed by any Person in connection with,

any activity, business or undertaking that competes with all or part of the Business within the Territory acquired by the Purchaser in accordance with the Share Purchase Agreement.

12. The Covenantor agrees that it will not, for a period of fifteen (15) years after the Closing Date, in any capacity or manner, whether directly or indirectly, individually or in partnership or otherwise jointly or in concert with any other Person:
 - a. utilize the Domain,
 - b. use, grant a right to use, encourage the use of, license or otherwise exploit, register, apply to register, or otherwise take any steps to register rights in the Purchased Intellectual Property,
 - c. continue to use, link or host a website or cause any other third party, whether directly or indirectly, to use, link or host a website under domain name zescannabis.com.

NON-SOLICITATION

13. The Covenantor agrees with that it will not, for a period of two (2) years from the Closing Date, in any capacity or manner, whether directly or indirectly, individually or in partnership or otherwise jointly or in concert with any other Person:
 - a. solicit any Customer, vendors, suppliers of the Business or Purchaser, or any other Persons indicated on the customer lists and mailing lists disclosed pursuant to the Share Purchase Agreement, when such solicitation is with respect to business that is competitive with the Business in the Territory;
 - b. induce or attempt to induce any Customer to reduce or curtail its business with the Purchaser or to terminate its relationship with the Purchaser;
 - c. provide any products or services in the Territory to any Customer where such products or services are the same as, or substantially similar to, or competitive with, the products or services offered by the Business; or
 - d. hire or attempt to hire or otherwise solicit any Employees of the Purchaser, Zest Cannabis and/or Zest for employment in or services to any business or undertaking with which it is associated.

NON-INFRINGEMENT OF INTELLECTUAL PROPERTY

14. The Covenantor represents and agrees not to, whether directly or indirectly, for a period of fifteen (15) years after the Closing Date:
 - a. use, grant a right to use, encourage the use of, license or otherwise exploit, or
 - b. register, apply to register, or otherwise take any steps to register rights in, the Purchased Intellectual Property.

COVENANTS ARE REASONABLE

15. The Covenantor acknowledges and agrees that:
 - a. without the covenants included in this Agreement, the Purchaser would not have entered into the Share Purchase Agreement;

- b. the covenants included in this Agreement are reasonable in the circumstances and are necessary to protect the economic positions of the Purchaser;
- c. a breach of any of this Agreement would cause serious and irreparable harm to the Purchaser which could not be compensated adequately by monetary damages, and that the Purchaser may seek to enforce this Agreement by injunction or specific performance upon application to a court of competent jurisdiction; and
- d. the remedies provided by this Agreement are in addition to, and not a substitute for, any other remedies for breach to which the Purchaser would be entitled.

GOVERNING LAW

- 16. This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that Province.

JURISDICTION

- 17. Each of the Parties irrevocably and unconditionally submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario to determine all issues, whether at law or in equity, arising from this Agreement.

ENTIRE AGREEMENT

- 18. This Agreement, together with the Share Purchase Agreement and Support and Voting Agreement, constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no representations, warranties or other agreements between the Parties, express or implied, in connection with the subject matter of this Agreement except as specifically set out in this Agreement, the Share Purchase Agreement or in Support and Voting Agreement. No Party has been induced to enter into this Agreement in reliance on, and there will be no liability assessed, either in tort or contract, with respect to any warranty, representation, opinion, advice or assertion of fact, except to the extent it has been reduced to writing and included as a term in this Agreement, the Share Purchase Agreement or Support and Voting Agreement.

NOTICES

- 19. All notices in connection with this Agreement shall be duly given upon receipt of such notice or communication at the address, email address, facsimile number below or at any other address, email address or facsimile number communicated in writing from one Party hereto to the other in accordance as follows:
 - a. To the Purchaser:

Lifeist Wellness Inc.



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

Garfinkle Biderman LLP
Suite 801 - 1 Adelaide Street East
Toronto, Ontario, M5C 2V9

[Redacted]

b. To the Covenantor:

c/o Zest Cannabis Inc.

[Redacted]

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

CC Corporate Counsel Professional Corporation
20 Great Gulf Drive, Suite 14
Vaughan, Ontario, L4K 0K7

[Redacted]

SEVERABILITY

20. If any provision or part thereof, including individual words or phrases, contained in this Agreement, to any extent and for any reason is declared to be void, voidable, invalid, illegal, ineffective, frustrated or unenforceable by any court of competent jurisdiction, the remainder of the provision and this Agreement shall not be affected thereby, and each provision of this Agreement or part thereof shall be separately valid and enforceable to the fullest extent permitted by law. If such a provision may be made enforceable or effective by imposing limitations, particularly in respect of its scope in terms of time or territory, such limitations shall be imposed and made so as to render such provision enforceable and effective to the fullest extent permissible by law.

AMENDMENT AND WAIVER

21. No amendment, discharge, modification, restatement, supplement, termination or waiver of this Agreement or any Section of this Agreement is binding unless it is in writing and executed by the Party to be bound. No waiver of, failure to exercise or delay in exercising, any Section of this Agreement constitutes a waiver of any other Section (whether or not similar) nor does any waiver constitute a continuing waiver unless otherwise expressly provided.

COUNTERPARTS AND ELECTRONIC DELIVERY

22. This Agreement may be executed and delivered by the Parties in one or more counterparts, each of which will be an original, and each of which may be delivered by facsimile, e-mail or other functionally equivalent electronic means of transmission, and those counterparts will together constitute one and the same instrument.

INDEPENDENT LEGAL ADVICE

23. Each of the Parties acknowledges that they have read and understood the terms and conditions of this Agreement and acknowledge and agree that they have had the opportunity to seek, and were not prevented or discouraged by any other Party to this Agreement from seeking, any independent legal advice which they considered necessary before the execution and delivery of this Agreement and that, if they did not avail themselves of that opportunity before signing this Agreement, they did so voluntarily without any undue pressure, and agrees that their failure to obtain independent legal advice will not be used by them as a defence to the enforcement of their obligations under this Agreement.

[Remainder of page intentionally left blank. Signature pages follow.]

Each of the Parties has executed and delivered this Agreement as of the date noted at the beginning of the Agreement.

LIFEIST WELLNESS INC.

By: signed "Meni Morim"

Name: **Meni Morim**

Title: **CEO**

13735346 CANADA INC.

By: signed "Max Fraser"

Name: **Max Fraser**

Title: **CEO/Director**

SCHEDULE "D"

COMPENSATION SHARE ALLOCATION

NAME	ALLOCATION
13735346 CANADA INC.	75%
1000496959 ONTARIO LTD.	25%

PURCHASED SHARES

NAME	NUMBER OF SHARES
ZEST CANNABIS INC.	200 COMMON SHARES

SCHEDULE "E"

PRE-CLOSING REORGANIZATION OF ZEST

(See attached.)

EXECUTION

COPY

ASSET PURCHASE AGREEMENT

MADE BETWEEN

ZEST CANNABIS INC.

AND

1000501971 ONTARIO INC.

DATED AS OF JULY 20, 2023

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ASSET PURCHASE AGREEMENT dated as of July 20, 2023.

AMONG:

ZEST CANNABIS INC., a corporation
existing under the laws of Canada, having its
registered office at [REDACTED]
[REDACTED]

(the “**Vendor**”)

AND:

1000501971 ONTARIO INC., a corporation
existing under the laws of Ontario, having its
registered office at [REDACTED]
[REDACTED]

(the “**Purchaser**”)

WHEREAS the Vendor operates a development, marketing and sales business for cannabis products in Canada (the “**Business**”);

WHEREAS the Vendor wish to sell to the Purchaser and the Purchaser agrees to purchase from the Vendor the Business upon the terms and subject to the conditions hereinafter set forth.

THEREFORE, THE PARTIES AGREE AS FOLLOWS:

**ARTICLE 1
INTERPRETATION**

1.1 Defined Terms

Defined terms in Schedule 1.1 apply to this Agreement and its Schedules, unless specifically provided otherwise.

1.2 Headings, etc.

The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenient reference only and are not to affect its interpretation. References to “Agreement”, “this Agreement”, “hereto”, “herein”, “hereunder”, “hereby” and “hereof” and similar expressions refer to this Agreement, and not to any particular Article, Section, clause or other portion hereof, and include all Schedules, appendices and amendments hereto, modifications or restatements hereof. Unless otherwise specified, the words “Article”, “Section” and “Schedule” followed by a number mean and refer to the specified Article, Section or Schedule of this Agreement.

1.3 References

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder. Notwithstanding the foregoing, reference made to any statute in the representations and warranties of the Vendor or of the Purchaser in this Agreement is to that statute as enacted at the time such representation and warranty is made.

1.4 Gender and Number

Any reference in this Agreement to gender includes all genders. Words importing the singular number only shall include the plural and vice versa. In this Agreement, the words “including”, “includes” and “include” mean “including (or includes or include) without limitation”.

1.5 Accounting Terms

In this Agreement, where a ratio, calculation or determination is to be made in accordance with generally accepted accounting principles, such ratio, calculation or determination shall be made on the basis of IFRS as at the time such ratios, calculations and determinations are to be made.

1.6 Currency

All references in this Agreement to dollars or to “\$” are expressed in lawful currency of Canada, and all amounts to be advanced, paid or calculated under the Agreement are to be advanced, paid or calculated in lawful currency of Canada, unless otherwise specifically indicated.

1.7 Computation of Time

1.7.1 *Time.* In this Agreement, time is of the essence.

1.7.2 *Computation of Time.* Unless otherwise specified herein, the deadline for a payment or an act is calculated by excluding the day on which the period commences and includes the date on which such period ends. If the last day of a period is not a Business Day, the period shall be extended to the next Business Day following the date on which such period would have otherwise ended.

1.7.3 *Business Days.* If any day on which an amount is to be determined or an action is to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be taken at or before the requisite time on the next succeeding day that is a Business Day.

1.7.4 *Toronto Time.* All references to hours in a day shall designate the time in Toronto, Ontario.

1.8 Third Party Beneficiaries

Subject to provisions relating to a Party's representative (Article 8) or beneficiaries (Section 5.4), nothing in this Agreement or in any Closing Document is intended or shall be implied to, or shall, confer upon any Person (other than the Parties) any rights or remedies of any kind.

1.9 No Strict Construction

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of *contra proferentum* or strict construction shall be applied against any Party.

1.10 Statutes

Unless specified otherwise, reference in this Agreement to a statute or statutory provision refers to that statute or statutory provision as it may be amended, or to any restated or successor statute or statutory provision of comparable effect. A reference to a statute includes any statutory instruments, rules and regulations made under such statute.

1.11 Schedules

1.11.1 The following Schedules attached hereto are incorporated herein by reference and deemed to form a part hereof:

Schedules:

Schedule 1.1	Definitions
Schedule 3.2	Vendor's Directions regarding Purchase Price
Schedule 4.1	Representations and Warranties of Vendor
Schedule 4.1.6	Permits
Schedule 4.1.7	Consents and Regulatory Approvals
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Schedule 4.1.22(b)	Vendor Sales Tax Registration Numbers
Schedule 4.2	Representations and Warranties of Purchaser
Schedule 4.2.4	Canadian Purchaser Sales Tax Registration Numbers
Schedule 5.5	Non-Assigned Customer Contracts

- 1.11.2 The inclusion of information in the Schedules shall not be an admission or acknowledgment that such items are material, that such items have had, or would reasonably be expected to have, a Material Consequence, or that such items are within or outside of the Ordinary Course. Furthermore, the inclusion in the Schedules of information or the exclusion of information from the Schedules will not establish any level of materiality for purposes of this Agreement.
- 1.11.3 The headings, if any, of the individual sections and subsections of the Schedules are inserted for convenience only and will not constitute a part thereof or a part of this Agreement. The Schedules are arranged in sections corresponding to those contained in this Agreement. The disclosure of an item in one section or subsection of the Schedules as an exception to any particular covenant, representation or warranty will only be deemed adequately disclosed as an exception with respect to another covenant, representation or warranty to the extent that a reasonable person conducting due diligence would determine such item is relevant to such other covenant, representation or warranty, including an appropriate cross-reference thereto within the text of this Agreement or the Schedules.
- 1.11.4 The information and statements contained in the Schedules are not intended to constitute, and shall not be construed as constituting, representations, warranties, covenants or agreements of the Vendor except as and to the extent provided in the text of this Agreement.

ARTICLE 2 PURCHASED ASSETS AND ASSUMED LIABILITIES

2.1 Purchased Assets

Upon the terms and subject to the conditions contained herein, the Vendor hereby sells, assigns and transfers to the Purchaser and the Purchaser, on its own behalf or for a designated subsidiary, hereby purchase from the Vendor, all rights, titles and interests of the Vendor in the assets used by the Vendor in carrying on the Business, save and except for the Excluded Assets, including the following (the “**Purchased Assets**”):

- 2.1.1 the Assigned Intellectual Property Rights;
- 2.1.2 the Assumed Contracts;
- 2.1.3 the Permits, to the extent that they are transferable;
- 2.1.4 the Books and Records;
- 2.1.5 the full benefit of all assignable warranties and warranty rights (implied, express or otherwise) against suppliers of Vendor which apply to any of the Purchased Assets;

2.1.6 all causes of action, demands, judgments or claims of the Vendor relating to the Business or the Purchased Assets; and

2.1.7 the goodwill of the Business including the exclusive right of the Purchaser to represent themselves as carrying on the Business.

2.2 Parties

For greater clarity, the Purchaser is purchasing those Purchased Assets located in Canada.

2.3 Excluded Assets

Notwithstanding the provisions of Section 2.1 or any other provisions contained herein, or any instrument or document delivered pursuant hereto, the Purchased Assets do not include any of the following assets which are specifically excluded from the sale provided for in this Agreement (the “**Excluded Assets**”) which will remain the sole property of the Vendor:

2.3.1 All Intellectual Property relating to Vaporizable Cannabinoid Compositions – Provisional Utility Application filed with the US Patent and Trade Mark Office - # US 63/428,180 on November 28, 2022.

2.3.2 all Cash;

2.3.3 all rights, titles and interests of the Vendor in any loan receivable from any Person;

2.3.4 all investments held by the Vendor in any Person;

2.3.5 any Leases;

2.3.6 all Employee Benefit Plans;

2.3.7 all Excluded Records; and

2.3.8 all rights, title and interests of the Vendor to any assets which are not used, directly or indirectly, in the operation of the Business.

2.4 Assumed Liabilities

The Purchaser agrees to assume, pay, satisfy, discharge, perform and fulfill, as and from the Effective Time, the following obligations and liabilities, save and except for the Excluded Liabilities (the “**Assumed Liabilities**”):

2.4.1 all liabilities and obligations incurred by the Business after the Closing;

2.5 Excluded Liabilities

The Purchaser shall not assume and shall have no obligation to discharge, perform or fulfill any of the following liabilities and obligations (collectively, the “**Excluded Liabilities**”):

- 2.5.1 all liabilities and obligations of the Vendor under this Agreement and all liabilities and obligations of the Vendor for fees or expenses incident to or arising out of or relating to this Agreement and the consummation of the transactions contemplated hereby and thereby;
- 2.5.2 all liabilities and obligations relating to any Indebtedness;
- 2.5.3 all liabilities and obligations in respect of the Excluded Assets;
- 2.5.4 all liabilities and obligations in connection with Employees;
- 2.5.5 all liabilities and obligations in connection with Leases;
- 2.5.6 all liabilities and obligations under any Employee Benefit Plans;
- 2.5.7 all liabilities and obligations of the Vendor for Taxes, including income Tax, HST payable and any Taxes relating to taxation periods up to and including the Closing Date;
- 2.5.1 all liabilities and obligations incurred by the Business prior to the Closing; and
- 2.5.2 any and all liabilities and obligations of the Vendor and/or the Business that is not an Assumed Liability.

2.6 Non-Assigned Contracts

In the event that (i) there are any Assumed Contracts which are not assignable in whole or in part without the consent, approval or waiver of another party or parties to them, or (ii) such consents, approvals or waivers have not yet been obtained as of Closing on terms satisfactory to the Purchaser, acting reasonably, then nothing in this Agreement will be construed as an assignment of any such Assumed Contracts (the “**Non-Assigned Contracts**”). In such a case, the Vendor and the Purchaser shall cooperate (at their own expense) in any lawful and reasonable arrangement reasonably proposed by the Purchaser under which the Purchaser shall obtain the economic rights and benefits under the Non-assigned Contract. Such arrangements may include (i) the subcontracting, sublicensing or subleasing to the Purchaser of any and all rights of the Vendor against the other party to such Non-Assigned Contracts arising out of a breach or cancellation thereof by the other party, and (ii) the enforcement by the Vendor of such rights. For greater certainty, the Non-Assigned Contracts shall include the contracts identified in Schedule 4.1.8 as “partial assignment”.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The aggregate purchase price (the “**Purchase Price**”) for the Purchased Assets shall be equal to 100 common shares of the Purchaser (the “**Share Consideration**”) based on an aggregate issue price of \$1.00. The Vendor understands that the Share Consideration issued to it pursuant to this Agreement shall not be resold under applicable Canadian securities laws unless the Vendor is relying upon an exemption under applicable Canadian Securities Laws

3.2 Payment of the Purchase Price

The Purchase Price shall be paid and satisfied at the Closing by the issuance of the Share Consideration to the Persons specified by the Vendor in Schedule 3.2.

3.3 Taxes

- 3.3.1 *Transfer Taxes.* All amounts payable by the Purchaser to the Vendor pursuant to this Agreement do not include any sales, good and services, use, consumption, multi-staged, personal property, customs, excise, stamp, transfer or similar taxes, duties, or charges (collectively “**Sales Taxes**”), and all Sales Taxes are the responsibility, and for the account of the Vendor. If the Vendor is required by law or by administration thereof to collect any applicable Sales Taxes from the Purchaser, the Purchaser shall provide any exemption from any such applicable Sales Taxes and, deliver to the Vendor such certificates, elections, or other documentation required by law or the administration thereof to substantiate and effect the exemption claimed by the Purchaser.
- 3.3.2 *Accounts Receivable Election.* The Purchaser and the Vendor agree to jointly elect to file an election with respect to the accounts receivable under section 22 of the Tax Act and, if applicable, the corresponding sections of any other provincial statute and any regulations under such statutes
- 3.3.3 *Goods and Services Tax Election.* At Closing, if applicable, the Vendor and the Purchaser shall jointly execute an election under subsection 167(1) of Part IX of the ETA in the forms prescribed for such purposes such that the sale of the Purchased Assets by the Vendor will take place without payment of any HST.
- 3.3.4 *Joint Election under Subsection 20(24) of Tax Act.* To the extent that such an election is available, the Vendor and the Purchaser agree to jointly elect under subsection 20(24) and 20(25) of the Tax Act, and any equivalent provision under applicable provincial tax legislation, in the prescribed forms and within the time period permitted under provision under applicable provincial tax legislation in respect of amounts allocated for future obligations of the Vendor that are assumed by the Purchaser hereunder. In this regard, the Purchaser and the Vendor acknowledge that a portion of the Purchased Assets transferred by the

Vendor pursuant to this Agreement and having a value equal to the amount elected under subsection 20(24) of the Tax Act and the equivalent provisions of any applicable provincial or territorial statute, is being transferred by the Vendor as a payment for the assumption of such future obligations by the Purchaser.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Vendor

The Vendor represents and warrants to the Purchaser the representations and warranties set forth in Schedule 4.1 and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in entering into this Agreement.

4.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Vendor the representations and warranties set forth in Schedule 4.2 hereto and acknowledges and agrees that the Vendor is relying upon such representations and warranties in entering into this Agreement.

4.3 Disclosure

Disclosure of any fact or item in any Schedule hereto referenced by or to a particular Article or Section in this Agreement shall only be deemed to have been disclosed with respect to another Article or Section in this Agreement for which applicability of such information and disclosure is reasonably apparent to a reasonable person conducting due diligence (including, where appropriate, with cross-references). The specification of any dollar amount in the representations or warranties contained in this Agreement or the inclusion of any specific item in any Schedule hereto is not intended to imply that such amounts, or higher or lower amounts, or the items so included or other items, are or are not material, and no Party shall use the fact of the setting of such amounts or the inclusion of any such item in any dispute or controversy between the Parties as to whether any obligation, item or matter not described herein or included in a Schedule is or is not material for purposes of this Agreement. No disclosure relating to any possible breach or violation of any contracts or laws shall be construed as an admission or indication that such breach or violation exists or has actually occurred.

4.4 Survival of Representations and Warranties

4.4.1 *Vendor.* All representations and warranties made by the Vendor in this Agreement shall survive the Closing as follows:

- (a) the representations and warranties set forth in Sections 4.1.1 [Capacity and No Violation of Vendor], 4.1.2 [Required Authorizations] 4.1.3 [Title to Purchased Assets] and 4.1.24 [No Broker] of Schedule 4.1 (collectively, the “**Vendor’s Fundamental Representations**”) shall survive the Closing without time limit;

- (b) the representation and warranties set forth in Section 4.1.22 [Taxes] shall survive the Closing and continue for a period ending ninety (90) days following the expiration of all limitation periods pursuant to applicable Laws; and
- (c) all of the other representations and warranties of the Vendor in this Agreement shall survive the Closing and continue for a period of twelve (12) months from the Closing Date.

After such periods, the Vendor shall have no further liability hereunder with respect to such representations and warranties except with respect to Claims made within such periods in accordance with the terms of this Agreement.

4.4.2 *Purchaser.* All representations and warranties made by the Purchaser in this Agreement shall survive the Closing as follows:

- (a) the representations and warranties set forth in Sections 4.2 [Capacity; No Violation], 4.2.1 [Required Authorizations] and 4.2.5 [No Broker] of Schedule 4.2 (collectively, the “**Purchaser’s Fundamental Representations**”) shall survive the Closing without time limit and;
- (b) all of the other representations and warranties of the Purchaser in this Agreement shall survive the Closing and continue for a period of twelve (12) months from the Closing Date.

After such periods, the Purchaser shall have no further liability hereunder with respect to such representations and warranties except with respect to Claims made within such periods in accordance with the terms of this Agreement.

4.4.3 The covenants and agreements of each Party contained in this Agreement shall survive the Closing and continue until completed.

4.4.4 Notwithstanding anything herein contained to the contrary, in the case of any breach by a Party of any representation or warranty involving fraud, gross negligence or willful misconduct, there shall be no time limitation on the right of the other Party to bring any Claim in respect of such breach or failure and to be indemnified in respect thereof.

ARTICLE 5 POST-CLOSING COVENANTS.

5.1 Maintaining Records

The Purchaser agree that the Vendor is permitted to keep, for a period of three (3) years following the Closing Date, a copy of all Books and Records and all other documents, information and records relating to the Business and pertaining to any period ending on or before the Closing Date. As long as the Vendor maintains the Books and Records and all other documents, information and records, the provisions of Section 5.3 shall apply.

5.2 Amounts Received Post-Closing

Each Party undertakes to collaborate with the other as regards to the collection of any payment received after the Closing Date which should be remitted to the other Party in accordance with this Agreement. Each of the Parties undertakes to make any such transfer promptly and to take any other reasonable measure that may be necessary to facilitate and redirect such transfers.

5.3 Confidentiality.

For five (5) years from Closing, the Vendor shall, and shall cause their Affiliates to hold, and shall use reasonable efforts to cause each of their respective representatives to hold, in confidence and not disclose to any third party any and all Confidential Information, to the extent relating to the Business, except to the extent that such information (a) is generally available to or known by the public (other than through disclosure by the Vendor, any of their Affiliates or their representatives in violation of this Section 5.3); (b) is lawfully acquired by the Vendor, any of their Affiliates or their representatives after the Closing from a source which, to the actual knowledge of the Vendor, after reasonable inquiry, is not prohibited from disclosing such information by a legal, contractual or fiduciary obligation; (c) is independently derived by the Vendor or any of their Affiliates after Closing without reference to or use of information subject to the confidentiality obligations of this Section 5.3; and (d) is required to be disclosed by Law and the Vendor has provided prompt written notice to the Purchaser of any such requirement and shall use reasonable efforts to cooperate with the Purchaser in seeking to obtain any protective order or other arrangement pursuant to which the confidentiality of the Confidential Information is preserved. If such an order or arrangement is not obtained, the Vendor may disclose that portion of the Confidential Information as is required pursuant to such requirements based on the advice of counsel.

5.4 Non-Competition and Non-Solicitation

5.4.1 *Non-Competition.* The Vendor hereby agrees and undertakes in favour of the Purchaser and its successors and assigns (collectively, the “**Beneficiaries**”), on its own behalf or in connection with any of its Affiliates, directly or indirectly, in any capacity whatsoever, including as an employer, employee, principal, agent, joint venturer, partner, shareholder or other equity holder, independent contractor, licensor, licensee, franchiser, franchisee, distributor, consultant, supplier or trustee, for a two (2) year term following the Closing Date (the “**Restricted Period**”), to refrain from selling, manufacturing, offering for sale, marketing or performing services for, owning or having an interest in, managing, operating, participating with or assisting in any way in, any Person, or allowing their name to be used by a Person that, directly or indirectly, competes with the Business.

Notwithstanding the foregoing, the Vendor and its Affiliates (the “**Vendor Group**”) may continue to purchase or cause its channel partners and customers to purchase

products and/or services only from the Business in accordance with the Operating Agreement (the “**Vendor’s Post-Closing Resale Obligations**”).

5.4.2 *Non-Solicitation – Clients.* As a separate and independent covenant, throughout the Restricted Period, the Vendor hereby agrees and undertakes in favour of the Beneficiaries, on its own behalf or in connection with any of its Affiliates, directly or indirectly, in any capacity whatsoever, including as an employer, employee, principal, agent, joint venturer, partner, shareholder or other equity holder, independent contractor, licensor, licensee, franchiser, franchisee, distributor, consultant, supplier or trustee, that it shall not, directly or indirectly, solicit, initiate discussions or otherwise contact a Customer for the purposes of offering goods, selling, marketing or offering for sale, products or services in competition with the Business or to incite the said Customer or to amend or sever its business relationship with the Purchaser in connection with the Business.

5.4.3 *Non-solicitation – Employees.* As a separate and independent covenant, throughout the Restricted Period, the Vendor, on its own behalf or in connection with any of its Affiliates, directly or indirectly, in any capacity whatsoever, including as an employer, employee, principal, agent, joint venturer, partner, shareholder or other equity holder, independent contractor, licensor, licensee, franchiser, franchisee, distributor, consultant, supplier or trustee, hereby agrees and undertakes in favour of the Beneficiaries that it shall not, directly or indirectly, solicit, or in any way entice any Employee to leave his or her employment with, or otherwise amend or terminate the terms of its relationship with the Purchaser other than in accordance with the Operating Agreement.

5.5 Post-Closing Cooperation regarding Contracts

In addition to the Assumed Contracts, the Business has been conducted with other customer Contracts listed in Schedule 5.5 (the “**Non-Assigned Customer Contracts**”) which the parties have elected not to assign pursuant to this Agreement but address as part of the Management Agreement in order to preserve the continuity of the Business after Closing.

ARTICLE 6 CLOSING ARRANGEMENTS

6.1 The obligation of the Purchaser to complete the purchase of the Purchased Assets is subject to the fulfillment of the conditions set forth in this Section 6.1 at the Closing, which conditions are for the exclusive benefit of the Purchaser and any or all of which may be waived in whole or in part, by the Purchaser in its sole discretion by notice given to the Vendor.

6.1.1 *Consent of Lenders.* The consent of the lenders of the Vendors to discharge their Encumbrances on the Purchased Assets shall have been obtained effective as of the Closing.

6.1.2 Truth of Representation and Warranties. All representations and warranties of the Vendor contained in this Agreement shall have been true in all material respects, as of the date of this Agreement and shall be true in all material respects, as of the Closing Date with the same effect as though made on and as of that date (except to the extent that any representation or warranty is affected by the occurrence of events or transactions expressly contemplated and permitted by this Agreement or otherwise consented to in writing by the Purchaser and the Vendor shall have delivered to the Purchaser a certificate addressed to the Vendors dated the Closing Date to that effect.

6.1.3 Vendor's Obligations. The Vendor shall have performed its obligations under this Agreement to the extent required to be performed on or before the Closing Date, including delivery of all documents, instruments and other items specified elsewhere in this Agreement and delivery of the following:

(a) certified copies of resolutions of directors and shareholders of the Vendor approving the entering into of this Agreement and the completion of the transactions contemplated hereby.

6.1.4 Adverse Proceedings. No injunction, judgment, Order, decree or ruling is in effect that would prevent the performance of this Agreement or the consummation of any of the transactions contemplated hereby or declare unlawful any of the transactions contemplated by this Agreement.

6.2 The obligation of the Vendor to complete the sale of the Purchased Assets is subject to the fulfillment of the conditions set forth in this Section 6.2 at the Closing, which conditions are for the exclusive benefit of the Vendor and any or all of which may be waived in whole or in part, by the Vendors in their sole discretion by notice given to the Purchaser.

6.2.1 Truth of Representation and Warranties. All representations and warranties of the Purchaser contained in this Agreement shall have been true in all material respects, as of the date of this Agreement and shall be true in all material respects, as of the Closing Date with the same effect as though made on and as of that date) and the Purchaser shall have delivered to the Vendor a certificate addressed to the Vendors dated the Closing Date to that effect.

6.2.3 Purchaser's Obligations. The Purchaser shall have performed its obligations under this Agreement to the extent required to be performed on or before the Closing Date, including delivery of all documents, instruments and other items specified elsewhere in this Agreement and delivery of the following:

(a) certified copies of resolutions of directors of the Purchaser approving the entering into of this Agreement and the completion of the transactions contemplated hereby.

6.2.4 Adverse Proceedings. No injunction, judgment, Order, decree or ruling is in effect that would prevent the performance of this Agreement or the consummation of any of the transactions contemplated hereby or declare unlawful any of the transactions contemplated by this Agreement.

6.3 The transactions contemplated herein shall take place by electronic means at 10:00am on the Closing Date by the Vendor and Purchaser upon satisfaction of the following:

6.3.1 The Vendors shall deliver or cause to be delivered at the Closing the following:

- (a) a certificate of a senior officer of each of the Vendor, acting in its capacity and without any personal liability, confirming as of the Closing Date, the representations and warranties as provided in Section 4.1 in accordance with Section 6.1.2;
- (b) the Books and Records of the Business;
- (c) the Assigned Intellectual Property Rights of the Business; and
- (d) all such further documents as may reasonably be required to give full effect to the provisions of this Agreement.

All documentation shall be in form and substance acceptable to the Purchaser and the Vendor, each acting reasonably in good faith.

6.3.2 The Purchaser shall deliver or cause to be delivered at the Closing the following:

- (a) the payment of the Purchase Price in accordance with Sections 3.1 and 3.2;
- (b) certificates of senior officers of the Purchaser, acting in their capacity and without any personal liability, confirming as of the Closing Date, the representations and warranties as provided in Section 4.21 in accordance with Section 6.2.1;
- (c) all such further documents as may reasonably be required to give full effect to the provisions of this Agreement.

All documentation shall be in form and substance acceptable to the Purchaser and the Vendor, each acting reasonably in good faith.

ARTICLE 7

NO EMPLOYMENT TRANSFER

7.1 No Assumed Employees

For greater certainty, the Purchaser shall not assume any obligations of the Vendor and/or the Business.

ARTICLE 8 INDEMNIFICATION

8.1 Indemnification

8.1.1 Subject to Sections 4.4 and 8.2,

- (a) the Vendor agrees it will indemnify and hold the Purchaser and the Purchaser's directors, officers, employees, successors and assigns harmless from and against any Loss which they may suffer as a result of the following:
 - (i) a failure by the Vendor to observe or perform any covenant or obligation contained herein;
 - (ii) a breach of Vendor's representations and warranties under Section 4.1; or
 - (iii) the Excluded Liabilities;
- (b) the Purchaser agrees that it will indemnify and hold the Vendor and the Vendor's directors, officers, employees, successors and assigns harmless from and against any Loss which they may suffer as a result of the following:
 - (i) a failure by any of the Purchaser to observe or perform any covenant or obligation contained herein;
 - (ii) a breach of any of the Purchaser's representations and warranties under Section 4.2; or
 - (iii) the Assumed Liabilities.

(the Party or other indemnified Person making a claim for indemnification under any provision of this Article 8 being the "**Indemnified Party**", and the Party providing indemnification being the "**Indemnifier**" for the purposes of this Article 8).

8.2 Limitation on Indemnification, Deductible and Cap

- 8.2.1 *Limitations on Indemnification of the Purchaser.* Except in connection with the Vendor's Fundamental Representations, the restrictive covenants in Section 5.4 and fraud or wilful misconduct (for which, in each case, the Threshold shall not apply and the maximum aggregate liability shall not exceed the Purchase Price), no Claims for indemnification may be made by the Purchaser against the Vendor in respect of any Loss resulting from any matter referred to in Section 8.1.1(a) unless and until the aggregate amount of the Losses suffered or incurred by the Purchaser, taken as a whole, collectively exceeds Twenty-Five Thousand

Dollars (\$25,000.00) (the “**Threshold**”), in which event, the amount of Losses which may be recovered by the Purchaser shall commence at the first dollar of Loss.

- 8.2.2 *Limitations on Indemnification of the Vendor.* Except in connection with the Purchaser’s Fundamental Representations and fraud or wilful misconduct (for which, in each case, the Threshold shall not apply and the maximum aggregate liability shall not exceed the Purchase Price), no Claims for indemnification may be made by the Vendor against the Purchaser in respect of any Loss resulting from any matter referred to in Section 8.1.1(b) unless and until the aggregate Losses suffered or incurred by the Vendor, taken as a whole, collectively exceed the Threshold, in which event, the amount of such Losses which may be recovered by the Vendor shall commence at the first dollar of Loss.

8.3 General Indemnification Rules

The obligations of the Indemnifier to indemnify the Indemnified Party in respect of any Loss shall also be subject to the principles set forth in this Section 8.3.

- 8.3.1 *Recovery Once.* With respect to any Loss suffered by the Indemnified Party, no liability shall attach to the Indemnifier to the extent that the same Loss has been recovered by the Indemnified Party under any other representation or warranty contained in this Agreement or any other document referred to herein and, accordingly, the Indemnified Party may only recover once in respect of the same Loss.
- 8.3.2 *Insurance.* The obligation of indemnification shall not apply to the extent that any Loss claimed is recovered or recoverable through insurance to the Indemnified Party less any deductible paid or increase in premiums resulting from such claim.
- 8.3.3 *Remedy.* To the extent that any breach of representation or warranty contained in this Agreement is capable of remedy, the Indemnified Party shall afford the Indemnifier a reasonable opportunity to remedy the matter complained.
- 8.3.4 *Fault of Party.* The obligation of indemnification shall not apply to the extent that any Loss results from the fault of the Party seeking indemnification or from fraud committed by such Party.
- 8.3.5 *Tax Benefits.* The obligation of indemnification shall be reduced to the extent the Indemnified Party receives any Tax benefits, including the reduction of any income Tax by reason of the Losses being claimed as a deduction or reduction of the income Tax payable.

8.4 Direct Claims

Any Direct Claim shall be asserted by giving the Indemnifier reasonably prompt written notice thereof, but in any event not later than thirty (30) days after the Indemnified Party

becomes aware of acts, omissions or facts that may give rise to such Direct Claim. Such notice to the Indemnifier shall describe the Direct Claim in reasonable detail and shall indicate, if reasonably practicable, the estimated amount of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifier shall then have a period of thirty (30) days within which to respond in writing to such Direct Claim (the “**Response Period**”). If the Indemnifier does not so respond within the Response Period, the Indemnifier shall be deemed to have rejected such Claim, and in such event the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party. If the Indemnifier agrees prior to the expiration of the Response Period as to the validity of the Direct Claim, the Indemnifier shall promptly pay to the Indemnified Party the amount of such Direct Claim forthwith upon such amount being quantified. If the Parties fail to agree as to the validity of the Direct Claim or its amount, any Party may exercise all remedies as may be available to such Party.

8.5 Notice of Third Party Claim

Except as set forth in Section 8.6.3, if an Indemnified Party receives notice of the commencement or assertion of any Third Party Claim, the Indemnified Party shall give the Indemnifier reasonably prompt notice thereof, but in any event no later than thirty (30) days after receipt of such notice of such Third Party Claim. Such notice to the Indemnifier shall describe the Third Party Claim in reasonable detail and shall indicate, if reasonably practicable, the estimated amount of the Loss that has been or may be sustained by the Indemnified Party.

8.6 Defence of Third Party Claims

8.6.1 *Assumption of Defence.* The Indemnifier may participate in or assume the defence of any Third Party Claim by giving notice to that effect to the Indemnified Party not later than thirty (30) days after receiving notice of that Third Party Claim (the “**Notice Period**”). The Indemnifier’s right to do so shall be subject to: (i) the rights of any insurer or other party who has potential liability in respect of that Third Party Claim; (ii) the Indemnifier acknowledging in writing to the Indemnified Party that Losses that may be assessed against the Indemnified Party in connection with such Third Party Claim constitute Losses for which the Indemnified Party shall be indemnified pursuant to this Agreement, (iii) the Indemnifier provides the Indemnified Party with evidence acceptable to the Indemnified Party that the Indemnifier will have the financial resources to defend against the Third Party Claim and fulfill its indemnification obligations hereunder with counsel reasonably satisfactory to the Indemnified Party, and (iv) the Indemnifier shall not be entitled to assume or maintain control of the defense of any Third Party Claim and shall pay the reasonable fees and expenses of counsel retained by the Indemnified Party if (a) the Third Party Claim relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation (b) the Third Party Claim seeks an injunction or equitable relief against the Indemnified Party or any of its Affiliates or (c) the Indemnifier Party has failed or is failing to reasonably prosecute or defend the Third Party Claim. The Indemnifier agrees to pay all of its own

expenses of participating in or assuming such defence. The Indemnified Party shall cooperate in good faith in the defence of each Third Party Claim, even if the defence has been assumed by the Indemnifier, and may participate in such defence assisted by counsel of its own choice at its cost and expense, provided that the Indemnifier and its legal counsel shall lead the defence. If the Indemnified Party has not received the notice within the Notice Period that the Indemnifier has elected to assume the defence of such Third Party Claim, the Indemnified Party may, at its option, elect to settle or compromise the Third Party Claim or assume such defence, assisted by counsel of its own choosing and the Indemnifier shall be liable for all reasonable costs and expenses paid or incurred in connection therewith and any Loss suffered or incurred by the Indemnified Party with respect to such Third Party Claim.

8.6.2 *Settlement.* The Indemnifier shall not settle any Third Party Claim without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld, unless:

- (a) the terms of the compromise and settlement require only the payment of money and do not require the Indemnified Party to admit any wrongdoing or take or refrain from taking any action; and
- (b) the Indemnified Party receives, as part of the compromise and settlement, an unconditional release, which is in form and substance satisfactory to the Indemnified Party, acting reasonably, from any and all obligations or liabilities it may have with respect to the Third Party Claim.

8.6.3 *Refusal of tax election.* The Vendor undertakes to allow the Purchaser to contest any notice of assessment or payment request issued by a Governmental Authority respecting the filing of an election pursuant Sections 3.3 and/or 3.4. Notwithstanding the foregoing, the Purchaser shall immediately inform the Vendor in writing of any assessment, proposed assessment and payment request.

8.7 Assistance for Third Party Claims

The Indemnifier and the Indemnified Party shall use all reasonable efforts to make available to the Party which is undertaking and controlling the defence of any Third Party Claim (the “**Defending Party**”):

- 8.7.1 those employees whose assistance, testimony or presence is necessary to assist the Defending Party in evaluating and in defending any Third Party Claim; and
- 8.7.2 all documents, records and other materials in the possession of such Party reasonably required by the Defending Party for its use in defending any Third Party Claim.

Each of them shall otherwise cooperate with the Defending Party. The Indemnifier shall be responsible for all expenses associated with making such documents, records and

materials available and for all reasonable expenses of any employees made available by the Indemnified Party to the Indemnifier hereunder but not for salaries.

8.8 No Rights of Set-Off

The Parties expressly agree that no rights of set-off shall exist under this Agreement.

8.9 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 Loss which it may suffer or incur by reason of the breach by an Indemnifier of any representation or warranty or the breach of any covenant of the Indemnifier hereunder. If any Loss can be reduced by any recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any Claim against, recovery from, settlement with or payment by any other Person, the Indemnified Party shall take all appropriate steps to enforce such Claim, recovery, settlement or payment.

8.10 Purchase Price Adjustment

Any indemnification payment made under this Article 8 shall be treated by the Purchaser and the Vendor as an adjustment to the Purchase Price.

ARTICLE 9 GENERAL

9.1 Fees and Expenses

Except as set out in the joint retainer letter with CC Corporate Counsel Professional Corporation, it is the responsibility of each Party to pay the professional fees of its legal counsel, financial advisors, accountants and of any other consultant engaged in connection with the transactions contemplated hereby, including with respect to the preparation, execution and delivery of this Agreement, and all other costs and expenses incurred in connection with the transactions contemplated hereby.

9.2 Public Announcement

All public notices to third parties and all other announcements, press releases and publicity concerning the Agreement, or the transactions contemplated by the Agreement must be jointly planned and coordinated by the Vendor and the Purchaser. Neither Party will act unilaterally in this regard without the prior consent of the other Party unless, and only to the extent that, disclosure is required to meet the timely disclosure obligations of any Party under applicable securities Laws or stock exchange rules in circumstances where prior consultation with the other Party is not practicable, or the disclosure is to the Party's board of directors, senior management and its legal, accounting, financial or other professional advisers.

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

CC Corporate Counsel Professional Corporation
20 Great Gulf Drive, Suite 14
Vaughan, Ontario, L4K 0K7

[REDACTED] [REDACTED]
[REDACTED] [REDACTED]

Notice to Purchaser:

1000501971 ONTARIO INC.

[REDACTED]
[REDACTED]

[REDACTED] [REDACTED]
[REDACTED] [REDACTED]

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

CC Corporate Counsel Professional Corporation
20 Great Gulf Drive, Suite 14
Vaughan, Ontario, L4K 0K7

[REDACTED] [REDACTED]
[REDACTED] [REDACTED]

Requests, notices or other communications provided personally shall be conclusively deemed to have been provided on the date of actual delivery and, if sent by registered mail, on the third Business Day following the deposit in the mail, and if transmitted by facsimile or email, on the date of delivery thereof if transmitted during the normal business hours of the addressee on a Business Day and on the following Business Day if not transmitted during such hours. If the Party sending a request, notice or other communication knows or reasonably ought to know of difficulties with the postal system which could delay the delivery of mail, such request, notice or other communication should not be sent by mail but rather delivered personally or sent by email.

9.7 Further assurances

Each Party will, at the requesting Party's cost, execute and deliver any further agreements and documents and provide any further assurances as may be reasonably required by the other Party or Parties to give effect to the Agreement and, without limiting the generality of the foregoing, will do or cause to be done all acts and things, execute and deliver or

cause to be executed and delivered all agreements and documents and provide any assurances, undertakings and information as may be required from time to time by all Governmental Authorities or as may be required from time to time under applicable securities Laws.

9.8 Governing Law

The Agreement is governed by, and is to be construed and interpreted in accordance with, the laws applicable in the Province of Ontario. Each of the Parties irrevocably submits and attorns to the jurisdiction of the courts of the Province of Ontario (judicial district of Toronto) to determine all issues, whether at law or in equity arising from the Agreement. To the extent permitted by applicable Law, each of the Parties irrevocably waives any objection (including any claim of inconvenient forum) to the venue of any legal proceeding arising out of or relating to the Agreement in the courts of the Province of Ontario (judicial district of Toronto), or that the subject matter of the Agreement may not be enforced in these courts, and irrevocably agrees not to seek, and hereby waives any right to, judicial review by any court which may be called upon to enforce the judgment of these courts, of the substantive merits of any such suit, action or proceeding. To the extent a Party has or hereafter may acquire any immunity from the jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, that Party irrevocably waives that immunity in respect of its obligations under the Agreement.

9.9 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision shall be severed from this Agreement and the remaining provisions shall remain in full force and effect.

9.10 Payment by Wire Transfer

Any money to be paid or tendered by one Person to another pursuant to the Agreement must be paid by wire transfer of immediately available funds to an account designated in writing by the Person entitled to receive the payment.

9.11 Tender

Any tender of documents or money pursuant to the Agreement may be made upon the Parties or their respective counsel.

9.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this Agreement.

[Remainder of page intentionally left blank]

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

ZEST CANNABIS INC.

By: signed "Max Fraser"
Name: Max Fraser
Title: Director

1000501971 ONTARIO INC.

By: signed "Max Fraser"
Name: Max Fraser
Title: Director

[Signature page to the Asset Purchase Agreement]

SCHEDULE 1.1 DEFINITIONS

1.1 Definitions

- 1.1.1 “**Affiliate**” has the meaning given to the term “Affiliate” in the *Business Corporations Act (Ontario)*, as in force on the date hereof;
- 1.1.2 “**Agreement**” means this Agreement, its preamble and all its Schedules, and all modifications thereto made by a written agreement between the Parties;
- 1.1.3 “**Applicable Rate**” means the prime business rate of interest reported from time to time by the Bank of Canada;
- 1.1.4 “**Assigned Intellectual Property Rights**” means the Intellectual Property Rights used in the Business and listed in Schedule 4.1.14(a).
- 1.1.5 “**Assumed Contracts**” means those contracts identified in in paragraph (a) and (f) in the definition of Material Contract.
- 1.1.6 “**Assumed Liabilities**” has the meaning given to it in Section 2.4;
- 1.1.7 “**Beneficiaries**” has the meaning given to it in Section 5.4.1;
- 1.1.8 “**Books and Records**” means all books, records, files and papers of the Vendor and any of Affiliates relating to the Business, including but not limited to title documentation, Software documentation (including but not limited to source code(s), operator and user manuals, training materials, guides, listings, specifications and any revisions or additions to such documents), electronic data, financial and tax working papers, financial and tax books and records, business reports, business plans and projections, sales and advertising materials, sales and purchases records and correspondence, trade association files, research and development records, lists of present and former suppliers, all other documents and data (technical or otherwise) relating to the Business, the Purchased Assets, and all copies and recordings of the foregoing
- 1.1.9 “**Business**” has the meaning given to it in the preamble;
- 1.1.10 “**Business Day**” means any day on which Canadian chartered banks are generally open for business in Toronto, Ontario, other than a Saturday, a Sunday or a public holiday under applicable Laws;

- 1.1.11 “**Cash**” means cash and cash equivalents of the Vendor, including term deposits, outstanding cheques, guaranteed investment certificates and similar readily liquid instruments;
- 1.1.12 “**Claim**” means any claim, complaint, demand, grievance, prosecution or legal, judicial, arbitral or administrative proceedings, including assessment or reassessment and any appeal or application for review;
- 1.1.13 “**Customer**” means any Person to whom the Vendor provides services or sell products in relation to the Business;
- 1.1.14 “**Closing**” means the conclusion on the date hereof of the sale by the Vendor and the purchase by the Purchaser of the Purchased Assets when all conditions to Closing have been satisfied or waived by the Parties;
- 1.1.15 “**Closing Date**” means July 20, 2023 or such other date determined in accordance with this Agreement as agreed to by the Parties in writing;
- 1.1.16 “**Closing Documents**” means any agreement, assignment or any other document delivered with respect to the Closing in accordance with this Agreement;
- 1.1.17 “**Confidential Information**” means information, whether in written or electronic form, that is of a proprietary or confidential nature, or not generally available to the public, relating to the Business;
- 1.1.18 “**Consent**” means any consent, approval, permit, waiver, ruling, exemption or acknowledgement from any Person which is provided for or required in respect of, or pursuant to the terms of any Material Contract or as otherwise listed in Schedule 4.1.7 in connection with the sale of the Purchased Assets to the Purchaser on the terms contemplated in this Agreement, to permit the Purchaser to carry on the Business after the Closing Date or which is otherwise necessary to permit the Parties to perform their obligations under this Agreement;
- 1.1.19 “**Contract**” means any agreement, understanding, undertaking, indenture, commitment, license or lease, whether written or verbal, including all purchase orders whether filled or unfilled;
- 1.1.20 “**Current Assets**” means, in respect of the Business, the aggregate sum of the values of the Accounts Receivable, and Prepaid Amounts;
- 1.1.21 “**Defending Party**” has the meaning given to it in Section 8.7;
- 1.1.22 “**Direct Claim**” means any Claim by an Indemnified Party against an Indemnifier which does not result from a Third Party Claim;
- 1.1.23 “**Effective Time**” means 12:01 a.m. (Toronto Time) on the Closing Date;

- 1.1.24 “**Employees**” means those individuals who are employed in the Business, whether on a full-time or part-time basis, active or inactive;
- 1.1.25 “**Employee Benefit Plan**” means all plans that provide for pension or retirement income or benefits for the benefit of Employees;
- 1.1.26 “**Encumbrance**” means any security interest, mortgage, deed of trust, charge, pledge, priority, hypothec, lien, encumbrance, restriction or option;
- 1.1.27 “**Environment**” means the ambient air, all layers of the atmosphere, all water including surface water and underground water, all land and organic and inorganic matter, and includes indoor spaces;
- 1.1.28 “**Environmental Laws**” means any Laws relating to the Environment and protection of the Environment, the regulation of chemical substances or products, health and safety, including occupational health and safety, and the transportation of dangerous goods;
- 1.1.29 “**ETA**” means the *Excise Tax Act* (Canada) and its regulations;
- 1.1.30 “**Excluded Assets**” has the meaning given to it in Section 2.2;
- 1.1.31 “**Excluded Liabilities**” has the meaning given to it in Section 2.5;
- 1.1.32 “**Financial Statements**” is not applicable.
- 1.1.33 “**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”);
- 1.1.34 “**Finally Determined**” means, with respect to any claim for indemnification, payment, reimbursement or set off by any Indemnified Person pursuant to this Agreement, the amount of such claim the entitlement to which any Indemnified Person (i) has been consented to in writing by the Indemnifying Party (whether pursuant to a settlement agreement or otherwise), or (ii) has been determined pursuant to a final, non-appealable judgment or other similar determination of a court of competent jurisdiction.
- 1.1.35 “**Governmental Authorities**” means: (a) any government, department, central bank, court, tribunal, arbitral body, commission, board, office or any agency, multinational, federal, provincial, state, regional, municipal or local, either nationally or internationally, (b) anybody exercising quasi-governmental regulatory authority, administration, expropriation or any Tax Authority under the direction of one of the foregoing authorities or on behalf of it, and (c) any agency, court or judicial or quasi-judicial tribunal;
- 1.1.36 “**GST/HST**” means the federal goods and services tax and harmonized sales tax imposed under the ETA;

- 1.1.37 “**Indebtedness**” means any obligations for borrowed money;
- 1.1.38 “**Indemnified Party**” has the meaning given to it in Section 8.1.1;
- 1.1.39 “**Indemnifier**” has the meaning given to it in Section 8.1.1;
- 1.1.40 “**Intellectual Property**” means, in relation to the Business:
- (a) trade-marks, design marks, logos, service marks, certification marks, official marks, trade names, business names, corporate names, trade dress, and other characters, brand elements or other distinguishing features used in association with wares or services, whether or not registered or the subject of an application for registration (“**Trade-marks**”);
 - (b) inventions, arts, processes, machines, articles of manufacture, compositions of matter, business methods, formula, developments and improvements, whether or not patented or the subject of an application for patent and whether or not patentable, methods and processes for making any of them, and related documentation (whether in written or electronic form) and know-how;
 - (c) software in source code or object code form, documentation, literary works, artistic works, pictorial works, graphic works, musical works, dramatic works, audio visual works, performances, sound recordings and signals, including their content, and any compilations of any of them, whether or not registered or the subject of an application for registration and whether or not registrable (“**Works**”);
 - (d) domain names, whether registered primary domain names or secondary or other higher level domain names (“**Domain Names**”);
 - (e) industrial designs and all variants of industrial designs, whether or not registered or the subject of an application for registration and whether or not registrable (“**Designs**”); and
 - (f) trade secrets, technical expertise, and research data and other Confidential Information relating to goods and services;
- but in each case only to the extent used in connection with the Business.
- 1.1.41 “**Intellectual Property Rights**” means:
- (a) any common law principle or statutory provision which may provide a right in Intellectual Property, including all:

- (i) common law rights and registrations, pending applications for registration and rights to file applications for the Trade-marks, including all rights of priority;
 - (ii) patents and pending patent applications;
 - (iii) copyrights in Works and all registrations, pending applications for registration of Works;
 - (iv) registrations and pending applications for registration of Domain Names and all other common law and statutory rights in Domain Names; and
 - (v) industrial design rights, design patents, design registrations, pending patent and design applications of Designs; and
- (b) all rights to enforce the rights and obtain remedies for a violation of any of the rights listed in (a) above;
- 1.1.42 “**Inventory**” means, collectively, all inventories of stock-in-trade and merchandise related to the Business as of the Closing Date, including all finished goods, work in progress, raw materials, manufacturing supplies, spare parts, packaging materials and all other materials and supplies used or consumed in the production of finished goods and owned by the Vendor in connection with the Business (including those in possession of suppliers, customers, shippers and other third parties), less the estimated reserves for obsolescence and excess inventory;
- 1.1.43 “**Knowledge of the Vendor**” means the knowledge of Max Fraser, after reasonable internal inquiry;
- 1.1.44 “**Laws**” means all laws (including common law), orders, rules, and all federal, provincial, state or municipal regulations, domestic or foreign, and all Orders of a Governmental Authority;
- 1.1.45 “**Loss**” means any direct loss, liability, damage, cost, expense, charge, fine, penalty or assessment actually suffered by an Indemnified Party, including the costs and expenses of any action, suit, proceeding, demand, assessment, judgment, settlement or compromise and all interest, and reasonable professional fees and disbursements, in each case that have been Finally Determined, but excluding any punitive damages, loss of profit or other indirect damage;
- 1.1.46 “**Material Consequence**” means any change that is material and adverse to the Business, the results of operations or the financial condition of the Business, except for any change caused by, pertaining to or arising from the following:

- (a) conditions generally affecting the industry in which the Business operates or the markets for any of the products or services of the Business, except to the extent specifically related to or disproportionately impacting the Business;
- (b) the initiation, occurrence or continuation of war (whether declared or undeclared), armed hostilities or acts of terrorism;
- (c) a natural disaster;

1.1.47 “**Material Contract**” means:

- (a) the Contracts with customers (by revenue) of the Business as identified in Schedule 4.1.8 and Contracts with the suppliers of the Business which have an annual cost in excess of \$10,000;
- (b) a Contract involving an amount in excess of \$10,000 relating to Indebtedness or the mortgaging, pledging or otherwise placing an Encumbrance on any material asset or material group of assets of the Business;
- (c) a Contract under which the Vendor has provided or are the beneficiaries of a guaranty, performance bond or similar agreement for an amount in excess of \$10,000 relating to the Business;
- (d) a Contract under which the Vendor is a lessee of or holds or operate any asset relating to the Business, owned by any other Person;
- (e) a Contract under which the Vendor is a lessor of or permit any third party to hold or operate any assets owned by the Vendor relating to the Business;
- (f) a Contract relating to any Intellectual Property Rights relating to the Business, including as set out in Schedule 4.1.14(b).

1.1.48 “**Non-Assigned Contracts**” has the meaning given to it in Section 2.6;

1.1.49 “**Non-Assigned Customer Contracts**” has the meaning given to it in Section 5.5;

1.1.50 “**Notice Period**” has the meaning given to it in Section 8.6;

1.1.51 “**Notified Claim**” means a Claim against the Business in connection to which the Vendor received written notice or service thereof;

1.1.52 “**Order**” means any final and binding order, judgment, proceeding, decree, injunction, decision, sentence or stipulation of a court, tribunal, arbitrator or any other Governmental Authority;

- 1.1.53 “**Ordinary Course**” means, with respect to an action taken by a Person, such action is consistent with the current practices of such Person and is taken in the ordinary course of the normal day-to-day operations of such Person, or any change or effect which arises in the ordinary course of the normal day-to-day operations of a Person;
- 1.1.54 “**Owned IP**” has the meaning given to it in Section 4.1.14(a);
- 1.1.55 “**Parties**” means collectively, the Vendor and the Purchaser, and “**Party**” means any one of them;
- 1.1.56 “**Permits**” means the authorizations, registrations, permits, certificates of approval, approvals, grants, licenses, quotas, consents, commitments, rights or privileges (other than those relating to Intellectual Property Rights) issued or granted by any Governmental Authority that are used or held by the Vendor in connection with the Business;
- 1.1.57 “**Person**” means an individual, body corporate, limited liability company, sole proprietorship, partnership or trust or unincorporated association, unincorporated syndicate, unincorporated organization, or another entity, and a natural person acting in his or her individual capacity or in his or her capacity as executor, trustee, administrator or legal representative, and any Governmental Authority;
- 1.1.58 “**Personal Information**” means information about an individual who can be identified by the Person who holds that information;
- 1.1.59 “**Prepaid Amounts**” means the aggregate sum of all prepaid expenses and other current assets of ongoing benefit to the Vendor, including prepaid licenses, maintenance, marketing and lease payments;
- 1.1.60 “**Privacy Laws**” means any Laws that regulate the collection, use or disclosure of Personal Information;
- 1.1.61 “**Purchased Assets**” has the meaning given to it in Section 2.1;
- 1.1.62 “**Purchase Price**” has the meaning given to it in Section 3.1;
- 1.1.63 “**Purchaser**” has the meaning given to it in the preamble of this Agreement;
- 1.1.64 “**Purchaser’s Fundamental Representations**” has the meaning given to it in Section 4.4.2(a);
- 1.1.65 “**Regulatory Approvals**” means the permits, licenses, certifications, authorizations or approvals of, or notifications to, any Governmental Authority are required to be obtained by the Purchaser to carry on the Business in the Ordinary Course after the Closing Date or which is necessary to permit the Parties to perform their obligations under this Agreement;

- 1.1.66 “**Response Period**” has the meaning given to it in Section 8.4;
- 1.1.67 “**Restricted Period**” has the meaning given to it in Section 5.4.1;
- 1.1.68 “**Retained Intellectual Property Rights**” has the meaning given to it in Section 4.1.14(a).
- 1.1.69 “**Sales Taxes**” has the meaning given to it in Section 3.3.1;
- 1.1.70 “**Share Consideration**” has the meaning given to it in Section 3.1.
- 1.1.71 “**Subsidiary**” has the meaning given to the term “Subsidiary” in the *Business Corporations Act* (Ontario), as in force on the date hereof;
- 1.1.72 “**Tax**” or “**Taxes**” means all taxes, duties, fees, premiums, assessments, imposts, levies, rates, withholdings, dues, government contributions and other charges of any kind whatsoever imposed by any Governmental Authority, whether direct or indirect, together with all interest, penalties, fines, additions to tax or other additional amounts imposed in respect thereof, including those levied on, or measured by, or referred to as income, gross income, gross receipts, net proceeds, profits, capital gains, alternative or add-on, or minimum, capital, transfer, land transfer, sales, retail sales, consumption, use, goods and services, harmonized sales, value-added, ad valorem, turnover, excise, stamp, non-resident withholding, business, franchising, business licenses, real and personal property (tangible and intangible), environmental, transfer, payroll, employee withholding, employment, health, employer health, social services, development, occupation, education or social security, and all contributions, premiums, surtaxes, all customs duties, countervail, anti-dumping, special import measures and import and export taxes, all license, franchise and registration fees, all provincial workers’ compensation payments, and all employment insurance, health insurance and Canada, Quebec and other government pension plan contributions;
- 1.1.73 “**Tax Act**” means the *Income Tax Act* (Canada);
- 1.1.74 “**Tax Authorities**” means the Canada Revenue Agency, the *Agence du revenu du Québec*, as well as any other national, state, local, provincial or other Governmental Authority responsible for the administration, implementation, assessment, fixation, application, compliance, collection or other impositions of Taxes;
- 1.1.75 “**Tax Return**” means any return, report, declaration, designation, election, undertaking, waiver, notice, filing, information return, statement, form, certificate or any other document or materials relating to Taxes, including any related or supporting information with respect to any of the foregoing, filed or to be filed with any Governmental Authority in connection with the determination, assessment, collection or administration of Taxes;

- 1.1.76 “**Third Party Claim**” means any Claim asserted against an Indemnified Party that is paid or payable to, or claimed by, any Person who is not a Party or an Affiliate of a Party;
- 1.1.77 “**Third Party Licensed IP**” has the meaning given to it in Section 4.1.14(b);
- 1.1.78 “**Threat of Claim**” a Claim or a question shall be deemed to be a Threat of Claim if a written request or declaration has been made, or if a written notice has been given;
- 1.1.79 “**Threshold**” has the meaning given to it in Section 8.2.1;
- 1.1.80 “**Vendor**” has the meaning given to it in the preamble;
- 1.1.81 “**Vendor’s Fundamental Representations**” has the meaning given to it in Section 4.4.1(a);
- 1.1.82 “**Vendor’s Post-Closing Resale Obligations**” has the meaning given to it in Section 5.4.1;

SCHEDULE 4.1
Representations and Warranties of the Vendor

Corporate Matters

4.1.1 *Capacity and No Violation*

- (a) The Vendor is a corporation duly incorporated and validly existing under the laws of Canada. The Vendor has the corporate power to own and operate its property, and is duly qualified to carry on the Business as currently conducted under the laws of each jurisdiction which the Business is currently conducted. No resolution has been adopted relating to the dissolution or liquidation of the Vendor.
- (b) This Agreement, and each Closing Document, have been duly executed and delivered by the Vendor and constitutes a legal, valid and binding agreement of it, enforceable against it in accordance with its respective terms, subject only to any limitation under applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (c) The execution and delivery of and performance by the Vendor of this Agreement:
 - (i) does not and will not constitute or result in a material breach of (a) its constating documents or by-laws, or (b) any applicable Law; or
 - (ii) does not and will not result in the creation or incurrence of any Encumbrance on the Purchased Assets.
- (d) The Vendor has no subsidiaries.

4.1.2 *Required Authorizations.* The Vendor has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereunder and thereunder have been duly authorized by all necessary corporate action on the part of the Vendor.

4.1.3 *Title to the Purchased Assets.* The Vendor has valid, good and marketable title to each of the Purchased Assets free and clear of all Encumbrances.

General Matters Relating to the Business

- 4.1.4 *Condition of Tangible Assets.* The equipment and other tangible movable property forming part of the Purchased Assets are, in all material respects, in good operating condition, and repair (taking into account the age of such property) ordinary wear and tear excepted and are sufficient for the conduct of the Business as conducted in the twelve (12) months prior to Closing.
- 4.1.5 *Books and Records.* The Books and Records fairly and correctly set out, in all material respects, the financial position of the Business and all material financial transactions of the Business and are set out in Schedule 4.1.5.
- 4.1.6 *Compliance with Laws and Permits*
- (a) The Vendor is conducting the Business in material compliance with all applicable Laws where failure to do so would have a Material Consequence.
 - (b) All Permits material to the Business are listed in Schedule 4.1.6 (the “**Material Permits**”). These Material Permits are the only Permits (other than those relating to Intellectual Property) required enabling the Vendor to carry on the Business as currently conducted. The Vendor is not in default or breach of any Material Permit.
- 4.1.7 *Consents and Regulatory Approvals.* Except as disclosed in Schedule 4.1.7:
- (a) there is no requirement to obtain any Consent of a party under any Material Contract to which the Vendor is a party in order to complete the transactions contemplated by this Agreement; and
 - (b) no authorization, Regulatory Approval, Order, consent of, or filing with, any Governmental Authority is required on the part of the Vendor in connection with the execution, delivery and performance of this Agreement.
- 4.1.8 *Customers and Suppliers.* Schedule 4.1.8 sets forth a complete list of the customers (by revenue) of the Business for the twelve (12)-month period ending November 30, 2022, containing their name and revenue generated for such period and the suppliers (by dollars spent) of the Business for such period containing their name and cost of purchases for such period.
- 4.1.9 *Deleted*
- 4.1.10 *Deleted*
- 4.1.11 *Deleted*

4.1.12 *Financial Statements.*

The Vendor has not produced any financial statements.

4.1.13 *Deleted*

4.1.14 *Intellectual Property*

- (a) Schedule 4.1.14(a) sets forth a list of all issued, registered and pending applications for registration of Intellectual Property Rights of the Vendor as well as material non-registered Intellectual Property Rights of the Vendor save and except for the Excluded Asset (collectively, the “**Owned IP**”) identifying which: (i) are used by the Business and therefore constitute “**Assigned Intellectual Property Rights** and (ii) which are used in the Business but elsewhere by the Vendor and therefore constitute “**Retained Intellectual Property Rights**”, which shall be subject to the IP License Agreement executed concurrently herewith.
- (b) Schedule 4.1.14(b) sets forth a list of all material Contracts with respect to Intellectual Property to which the Vendor is a party, either as licensee or licensor (the “**Third Party Licensed IP**”), identifying which are used by the Business and therefore constitute Assumed Contracts and which shall be retained by the Vendor and subject to a sub-license in favour of the Purchaser (to the extent permitted by the terms of the license or, if not, for which the Purchaser shall enter into distinct agreements post-Closing directly with the third party).
- (c) The Owned IP is owned free and clear of any Encumbrances. Except as provided in Schedule 4.1.14(c) and except licenses granted by the Vendor in the Ordinary Course for marketing, promotional and advertising purposes, the Vendor has not granted to any Person any material right or license to use the Owned IP.
- (d) The Owned IP and Third Party Licensed IP are sufficient for the conduct of the Business at Closing as conducted in the twelve (12) months prior to Closing. No third party has advised the Vendor, or to the Knowledge of the Vendor, has threatened, that any product or service marketed or sold by the Business violates any license or infringes any Intellectual Property of any other Person.

4.1.15 *Jurisdictions.* The Vendor is qualified to do business in connection with the Business only in the jurisdictions disclosed in Schedule 4.1.15.

4.1.16 *Litigation.* There are no legal, judicial, arbitral or administrative proceedings against or involving the Vendor in connection with the Business or, to the Knowledge of the Vendor, threatened. There is no outstanding judgment, decree, Order, ruling or injunction involving the Vendor in connection with the Business or relating in any way to the transactions contemplated by the Agreement.

4.1.17 *Material Contracts*

- (a) Schedule 4.1.17(a) contains a list of all Material Contracts to which the Vendor is a party or bound. Each Material Contract is a valid and binding obligation of the Vendor and, to the Knowledge of the Vendor, each other party thereto, enforceable against such Vendor and such other party in accordance with its terms. Other than disclosed in Schedule 4.1.7 [*Consents and regulatory approvals*], no consent is required to assign a Material Contract to the Purchaser or its designated Affiliate.
- (b) True and complete copies of all Material Contracts have been provided to the Purchaser.
- (c) The Vendor is not in material default or material breach of any Material Contract, and, to the Knowledge of the Vendor, there exists no state of facts which, after notice or lapse of time or both, would constitute such a material default or breach by any party under a Material Contract.
- (d) To the Knowledge of the Vendor, no counterparty to any Material Contract is in default of any of its obligations under any Material Contract.
- (e) The Vendor is entitled to all benefits under each Material Contract. The Vendor has not received any written notice of termination of any Material Contract.
- (f) To the Knowledge of the Vendor, no event has occurred, and no circumstance exists, which, with notice or lapse of time or both, would reasonably be expected to constitute a breach or default under any Material Contract or permit termination, modification or acceleration under any Material Contract. The Vendor has not been provided or received any notice with respect to the termination of, modification of, acceleration under or failure to renew any Material Contract. No other party to any Material Contract has expressly or impliedly waived any material breach by any Person of any covenant, agreement, restriction, stipulation or obligation relating thereto or omitted to take any action in respect of its rights thereunder.

4.1.18 *Deleted.*

4.1.19 *Options to purchase the Purchased Assets.* No Person has any agreement or option or any right or privilege (whether by Law, pre-emptive, contractual or otherwise) capable of becoming an agreement, for the purchase of any of the Purchased Assets, other than in the Ordinary Course.

4.1.20 *Personal Information.* All Personal Information in connection with the Business in the possession of the Vendor has been collected, used and disclosed in compliance in all material respects with all applicable Privacy Laws.

4.1.21 *Warranties*

- (a) Schedule 4.1.21(a) lists all warranties given to customers on products or services supplied by the Vendor in connection with the Business.
- (b) There are no Claims against the Vendor relating to the Business on account of warranties or with respect to the production or sale of defective or inferior products or the provision of services, nor, to the Knowledge of the Vendor, is there any basis for any Claim against or Loss on the part of the Vendor relating to the production or sale of products or the provision of services relating to the Business before the date of this Agreement.

4.1.22 *Taxes*

- (a) There are no Encumbrance for Taxes against the Purchased Assets. None of the Purchased Assets is the subject of any trust arising under any applicable Law relating to Taxes;
- (b) The Vendor is registered for HST purposes and the sales tax registration numbers are set out in Schedule 4.1.22(b).
- (c) No failure, if any, of the Vendor to duly and timely withhold, remit, collect or pay all Taxes, including all instalments on account of Taxes for the current year, that it is obligated to withhold, remit, collect or pay will result in any Encumbrance on any of the Purchased Assets.
- (d) There are no proceedings, investigations, audits or claims now pending or threatened against the Vendor in respect of any Taxes, and there are no matters under discussion, audit or appeal with any Governmental Authority relating to Taxes, which in either case will result in any Encumbrance on any of the Purchased Assets.

4.1.23 *Deleted*

4.1.24 *Deleted*

4.1.25 *No Broker*. The Vendor has no obligation to any broker, agent or similar Person in respect of the transactions contemplated herein.

SCHEDULE 4.2

Representations and Warranties of the Purchaser

4.2 Representations of the Purchaser *Capacity and No Violation*

- (a) The Purchaser is a corporation duly incorporated and validly existing under the laws of the Province of Ontario. The Purchaser has the corporate power to own and operate its property, and to carry on the business as currently conducted. No resolution has been adopted relating to the dissolution or liquidation of any of the Purchaser.
- (b) This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding agreement of it, enforceable against it in accordance with its respective terms, subject only to any limitation under applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (c) The execution and delivery of and performance by the Purchaser of this Agreement does not and will not constitute or result in a material breach of:
 - (i) their constating documents or by-laws, or
 - (ii) any applicable Law.

4.2.1 *Required Authorizations.* The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder and thereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereunder and thereunder have been duly authorized by all necessary corporate action on the part of the Purchaser.

4.2.2 *Approvals and Consents.* The Purchaser is not required to obtain any consent, approval, notice, Order, authorization, deposit or Permit from a Governmental Authority or from any other Person with respect to the execution and delivery of this Agreement or in connection with the completion by it of the transactions contemplated under this Agreement.

4.2.3 *Litigation.* There is no Order or Claim or, to the knowledge of the Purchaser, any Threat of Claim from a Governmental Authority which could adversely affect the ability of the Purchaser to enter into this Agreement or to perform their obligations hereunder or thereunder.

4.2.4 *Sales Tax.* The Purchaser is registered for HST purposes and the sales tax registration numbers are set out in Schedule 4.2.4.

4.2.5 *No Broker.* The Purchaser has no obligation of any kind to a broker, intermediary, agent or other similar Person in respect of the transactions contemplated herein.

Schedule 3.2
Vendor's Direction for the Issuance of Share Consideration

Name	Percentage
ZEST CANNABIS INC.	100%

Schedule 4.1.5
Books and Records

See attached

Schedule 4.1.6
Permits



Schedule 4.1.7
Consents and Regulatory Approvals



**Schedule 4.1.8
Customers and Suppliers**

[REDACTED]

- [REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Schedule 4.1.12
Financial Statements

None

**Schedule 4.1.14(a)
Owned IP**

[REDACTED]

- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Schedule 4.1.14(b)
Third Party Licensed IP

[Redacted content]

Schedule 4.1.14(c)
License to use Owned IP



**Schedule 4.1.15
Jurisdictions**



Schedule 4.1.17
Material Contracts



**Schedule 4.1.21
Warranties**



Schedule 4.1.22(b)
Vendor Sales Tax Registration Numbers



Schedule 4.2.2
Canadian Purchaser Sales Tax Registration Numbers



Schedule 5.5
Non-Assigned Customer Contracts

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

EXECTUION

COPY

ASSET PURCHASE AGREEMENT

MADE BETWEEN

ZEST CANNABIS INC.

AND

1000594871 ONTARIO CORP.

DATED AS OF JULY 20, 2023

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ASSET PURCHASE AGREEMENT dated as of July 20, 2023.

AMONG:

ZEST CANNABIS INC., a corporation existing under the laws of Canada, having its registered office at [REDACTED]
[REDACTED]

(the “**Vendor**”)

AND:

1000594871 ONTARIO CORP., a corporation existing under the laws of Ontario, having its registered office at [REDACTED]
[REDACTED]

(the “**Purchaser**”)

WHEREAS the Vendor owns certain Intellectual Property Rights, as set forth herein, in connection with cannabis products (the “**Business**”);

WHEREAS the Vendor wish to sell to the Purchaser and the Purchaser agrees to purchase from the Vendor the Business upon the terms and subject to the conditions hereinafter set forth.

THEREFORE, THE PARTIES AGREE AS FOLLOWS:

ARTICLE 1 INTERPRETATION

1.1 Defined Terms

Defined terms in Schedule 1.1 apply to this Agreement and its Schedules, unless specifically provided otherwise.

1.2 Headings, etc.

The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenient reference only and are not to affect its interpretation. References to “Agreement”, “this Agreement”, “hereto”, “herein”, “hereunder”, “hereby” and “hereof” and similar expressions refer to this Agreement, and not to any particular Article, Section, clause or other portion hereof, and include all Schedules, appendices and amendments hereto, modifications or restatements hereof. Unless otherwise specified, the words “Article”, “Section” and “Schedule” followed by a number mean and refer to the specified Article, Section or Schedule of this Agreement.

1.3 References

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder. Notwithstanding the foregoing, reference made to any statute in the representations and warranties of the Vendor or of the Purchaser in this Agreement is to that statute as enacted at the time such representation and warranty is made.

1.4 Gender and Number

Any reference in this Agreement to gender includes all genders. Words importing the singular number only shall include the plural and vice versa. In this Agreement, the words “including”, “includes” and “include” mean “including (or includes or include) without limitation”.

1.5 Accounting Terms

In this Agreement, where a ratio, calculation or determination is to be made in accordance with generally accepted accounting principles, such ratio, calculation or determination shall be made on the basis of IFRS as at the time such ratios, calculations and determinations are to be made.

1.6 Currency

All references in this Agreement to dollars or to “\$” are expressed in lawful currency of Canada, and all amounts to be advanced, paid or calculated under the Agreement are to be advanced, paid or calculated in lawful currency of Canada, unless otherwise specifically indicated.

1.7 Computation of Time

1.7.1 *Time.* In this Agreement, time is of the essence.

1.7.2 *Computation of Time.* Unless otherwise specified herein, the deadline for a payment or an act is calculated by excluding the day on which the period commences and includes the date on which such period ends. If the last day of a period is not a Business Day, the period shall be extended to the next Business Day following the date on which such period would have otherwise ended.

1.7.3 *Business Days.* If any day on which an amount is to be determined or an action is to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be taken at or before the requisite time on the next succeeding day that is a Business Day.

1.7.4 *Toronto Time.* All references to hours in a day shall designate the time in Toronto, Ontario.

1.8 Third Party Beneficiaries

Subject to provisions relating to a Party's representative (Article 8) or beneficiaries (Section 5.4), nothing in this Agreement or in any Closing Document is intended or shall be implied to, or shall, confer upon any Person (other than the Parties) any rights or remedies of any kind.

1.9 No Strict Construction

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of *contra proferentum* or strict construction shall be applied against any Party.

1.10 Statutes

Unless specified otherwise, reference in this Agreement to a statute or statutory provision refers to that statute or statutory provision as it may be amended, or to any restated or successor statute or statutory provision of comparable effect. A reference to a statute includes any statutory instruments, rules and regulations made under such statute.

1.11 Schedules

1.11.1 The following Schedules attached hereto are incorporated herein by reference and deemed to form a part hereof:

Schedules:

Schedule 4.1.12(a)	Owned IP
Schedule	Third Party Licensed IP
Schedule 4.1.12(b)	License to use Owned IP
Schedule 4.1.20(b)	Vendor Sales Tax Registration Numbers
Schedule 4.2	Representations and Warranties of Purchaser
Schedule 4.2.4	Canadian Purchaser Sales Tax Registration Numbers

1.11.2 The inclusion of information in the Schedules shall not be an admission or acknowledgment that such items are material, that such items have had, or would reasonably be expected to have, a Material Consequence, or that such items are within or outside of the Ordinary Course. Furthermore, the inclusion in the Schedules of information or the exclusion of information from the Schedules will not establish any level of materiality for purposes of this Agreement.

1.11.3 The headings, if any, of the individual sections and subsections of the Schedules are inserted for convenience only and will not constitute a part thereof or a part of this Agreement. The Schedules are arranged in sections corresponding to those contained in this Agreement. The disclosure of an item in one section or subsection of the Schedules as an exception to any particular covenant,

representation or warranty will only be deemed adequately disclosed as an exception with respect to another covenant, representation or warranty to the extent that a reasonable person conducting due diligence would determine such item is relevant to such other covenant, representation or warranty, including an appropriate cross-reference thereto within the text of this Agreement or the Schedules.

1.11.4 The information and statements contained in the Schedules are not intended to constitute, and shall not be construed as constituting, representations, warranties, covenants or agreements of the Vendor except as and to the extent provided in the text of this Agreement.

ARTICLE 2 PURCHASED ASSETS AND ASSUMED LIABILITIES

2.1 Purchased Assets

Upon the terms and subject to the conditions contained herein, the Vendor hereby sells, assigns and transfers to the Purchaser and the Purchaser, on its own behalf or for a designated subsidiary, hereby purchase from the Vendor, all rights, titles and interests of the Vendor in the assets used by the Vendor in carrying on the Business, save and except for the Excluded Assets, including the following (the “**Purchased Assets**”):

2.1.1 the Assigned Intellectual Property Rights; and

2.1.2 the goodwill relating to the Assigned Intellectual Property Rights.

2.2 Parties

For greater clarity, the Purchaser is purchasing those Purchased Assets located in Canada.

2.3 Excluded Assets

Notwithstanding the provisions of Section 2.1 or any other provisions contained herein, or any instrument or document delivered pursuant hereto, the Purchased Assets do not include any of the following assets which are specifically excluded from the sale provided for in this Agreement (the “**Excluded Assets**”) which will remain the sole property of the Vendor:

2.3.1 all Cash;

2.3.2 all rights, titles and interests of the Vendor in any loan receivable from any Person;

2.3.3 all investments held by the Vendor in any Person;

2.3.4 any Leases;

2.3.5 all Employee Benefit Plans;

2.3.6 all Excluded Records; and

2.3.7 all rights, title and interests of the Vendor to any assets which are not used, directly or indirectly, in the operation of the Business.

2.4 Assumed Liabilities

The Purchaser agrees to assume, pay, satisfy, discharge, perform and fulfill, as and from the Effective Time, the following obligations and liabilities, save and except for the Excluded Liabilities (the “**Assumed Liabilities**”):

2.4.1 all liabilities and obligations incurred relating to the Purchased Assets after the Closing;

2.5 Excluded Liabilities

The Purchaser shall not assume and shall have no obligation to discharge, perform or fulfill any of the following liabilities and obligations (collectively, the “**Excluded Liabilities**”):

2.5.1 all liabilities and obligations of the Vendor under this Agreement and all liabilities and obligations of the Vendor for fees or expenses incident to or arising out of or relating to this Agreement and the consummation of the transactions contemplated hereby and thereby;

2.5.2 all liabilities and obligations relating to any Indebtedness;

2.5.3 all liabilities and obligations in respect of the Excluded Assets;

2.5.4 all liabilities and obligations in connection with Employees;

2.5.5 all liabilities and obligations in connection with Leases;

2.5.6 all liabilities and obligations under any Employee Benefit Plans;

2.5.7 all liabilities and obligations of the Vendor for Taxes, including income Tax, HST payable and any Taxes relating to taxation periods up to and including the Closing Date;

2.5.1 all liabilities and obligations incurred by the Business prior to the Closing; and

2.5.2 any and all liabilities and obligations of the Vendor and/or the Business that is not an Assumed Liability.

2.6 Non-Assigned Contracts

In the event that (i) there are any Assumed Contracts which are not assignable in whole or in part without the consent, approval or waiver of another party or parties to them, or

(ii) such consents, approvals or waivers have not yet been obtained as of Closing on terms satisfactory to the Purchaser, acting reasonably, then nothing in this Agreement will be construed as an assignment of any such Assumed Contracts (the “**Non-Assigned Contracts**”). In such a case, the Vendor and the Purchaser shall cooperate (at their own expense) in any lawful and reasonable arrangement reasonably proposed by the Purchaser under which the Purchaser shall obtain the economic rights and benefits under the Non-assigned Contract. Such arrangements may include (i) the subcontracting, sublicensing or subleasing to the Purchaser of any and all rights of the Vendor against the other party to such Non-Assigned Contracts arising out of a breach or cancellation thereof by the other party, and (ii) the enforcement by the Vendor of such rights. For greater certainty, the Non-Assigned Contracts shall include the contracts identified in Schedule **Error! Reference source not found.** as “partial assignment”.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The aggregate purchase price (the “**Purchase Price**”) for the Purchased Assets shall be equal to 100 common shares of the Purchaser (the “**Share Consideration**”) based on an aggregate issue price of \$1.00. The Vendor understands that the Share Consideration issued to it pursuant to this Agreement shall not be resold under applicable Canadian securities laws unless the Vendor is relying upon an exemption under applicable Canadian Securities Laws

3.2 Payment of the Purchase Price

The Purchase Price shall be paid and satisfied at the Closing by the issuance of the Share Consideration to the Persons specified by the Vendor in Schedule 3.2.

3.3 Taxes

3.3.1 *Transfer Taxes.* All amounts payable by the Purchaser to the Vendor pursuant to this Agreement do not include any sales, good and services, use, consumption, multi-staged, personal property, customs, excise, stamp, transfer or similar taxes, duties, or charges (collectively “**Sales Taxes**”), and all Sales Taxes are the responsibility, and for the account of the Vendor. If the Vendor is required by law or by administration thereof to collect any applicable Sales Taxes from the Purchaser, the Purchaser shall provide any exemption from any such applicable Sales Taxes and, deliver to the Vendor such certificates, elections, or other documentation required by law or the administration thereof to substantiate and effect the exemption claimed by the Purchaser.

3.3.2 *Accounts Receivable Election.* The Purchaser and the Vendor agree to jointly elect to file an election with respect to the accounts receivable under section 22

of the Tax Act and, if applicable, the corresponding sections of any other provincial statute and any regulations under such statutes

- 3.3.3 *Goods and Services Tax Election.* At Closing, if applicable, the Vendor and the Purchaser shall jointly execute an election under subsection 167(1) of Part IX of the ETA in the forms prescribed for such purposes such that the sale of the Purchased Assets by the Vendor will take place without payment of any HST.
- 3.3.4 *Joint Election under Subsection 20(24) of Tax Act.* To the extent that such an election is available, the Vendor and the Purchaser agree to jointly elect under subsection 20(24) and 20(25) of the Tax Act, and any equivalent provision under applicable provincial tax legislation, in the prescribed forms and within the time period permitted under provision under applicable provincial tax legislation in respect of amounts allocated for future obligations of the Vendor that are assumed by the Purchaser hereunder. In this regard, the Purchaser and the Vendor acknowledge that a portion of the Purchased Assets transferred by the Vendor pursuant to this Agreement and having a value equal to the amount elected under subsection 20(24) of the Tax Act and the equivalent provisions of any applicable provincial or territorial statute, is being transferred by the Vendor as a payment for the assumption of such future obligations by the Purchaser.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Vendor

The Vendor represents and warrants to the Purchaser the representations and warranties set forth in Schedule 4.1 and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in entering into this Agreement.

4.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Vendor the representations and warranties set forth in Schedule 4.2 hereto and acknowledges and agrees that the Vendor is relying upon such representations and warranties in entering into this Agreement.

4.3 Disclosure

Disclosure of any fact or item in any Schedule hereto referenced by or to a particular Article or Section in this Agreement shall only be deemed to have been disclosed with respect to another Article or Section in this Agreement for which applicability of such information and disclosure is reasonably apparent to a reasonable person conducting due diligence (including, where appropriate, with cross-references). The specification of any dollar amount in the representations or warranties contained in this Agreement or the inclusion of any specific item in any Schedule hereto is not intended to imply that such amounts, or higher or lower amounts, or the items so included or other items, are or are not material, and no Party shall use the fact of the setting of such amounts or the inclusion of any such item in any dispute or controversy between the Parties as to whether any obligation, item

or matter not described herein or included in a Schedule is or is not material for purposes of this Agreement. No disclosure relating to any possible breach or violation of any contracts or laws shall be construed as an admission or indication that such breach or violation exists or has actually occurred.

4.4 Survival of Representations and Warranties

4.4.1 *Vendor.* All representations and warranties made by the Vendor in this Agreement shall survive the Closing as follows:

- (a) the representations and warranties set forth in Sections 4.1.1 [Capacity and No Violation of Vendor], 4.1.2 [Required Authorizations] 4.1.3 [Title to Purchased Assets] and 4.1.22 [No Broker] of Schedule 4.1 (collectively, the “**Vendor’s Fundamental Representations**”) shall survive the Closing without time limit;
- (b) the representation and warranties set forth in Section 4.1.20 [Taxes] shall survive the Closing and continue for a period ending ninety (90) days following the expiration of all limitation periods pursuant to applicable Laws; and
- (c) all of the other representations and warranties of the Vendor in this Agreement shall survive the Closing and continue for a period of twelve (12) months from the Closing Date.

After such periods, the Vendor shall have no further liability hereunder with respect to such representations and warranties except with respect to Claims made within such periods in accordance with the terms of this Agreement.

4.4.2 *Purchaser.* All representations and warranties made by the Purchaser in this Agreement shall survive the Closing as follows:

- (a) the representations and warranties set forth in Sections 4.2 [Capacity; No Violation], 4.2.1 [Required Authorizations] and 4.2.5 [No Broker] of Schedule 4.2 (collectively, the “**Purchaser’s Fundamental Representations**”) shall survive the Closing without time limit and;
- (b) all of the other representations and warranties of the Purchaser in this Agreement shall survive the Closing and continue for a period of twelve (12) months from the Closing Date.

After such periods, the Purchaser shall have no further liability hereunder with respect to such representations and warranties except with respect to Claims made within such periods in accordance with the terms of this Agreement.

4.4.3 The covenants and agreements of each Party contained in this Agreement shall survive the Closing and continue until completed.

- 4.4.4 Notwithstanding anything herein contained to the contrary, in the case of any breach by a Party of any representation or warranty involving fraud, gross negligence or willful misconduct, there shall be no time limitation on the right of the other Party to bring any Claim in respect of such breach or failure and to be indemnified in respect thereof.

ARTICLE 5 POST-CLOSING COVENANTS.

5.1 Maintaining Records

The Purchaser agree that the Vendor is permitted to keep, for a period of three (3) years following the Closing Date, a copy of all Books and Records and all other documents, information and records relating to the Business and pertaining to any period ending on or before the Closing Date. As long as the Vendor maintains the Books and Records and all other documents, information and records, the provisions of Section 5.3 shall apply.

5.2 Amounts Received Post-Closing

Each Party undertakes to collaborate with the other as regards to the collection of any payment received after the Closing Date which should be remitted to the other Party in accordance with this Agreement. Each of the Parties undertakes to make any such transfer promptly and to take any other reasonable measure that may be necessary to facilitate and redirect such transfers.

5.3 Confidentiality.

For five (5) years from Closing, the Vendor shall, and shall cause their Affiliates to hold, and shall use reasonable efforts to cause each of their respective representatives to hold, in confidence and not disclose to any third party any and all Confidential Information, to the extent relating to the Business, except to the extent that such information (a) is generally available to or known by the public (other than through disclosure by the Vendor, any of their Affiliates or their representatives in violation of this Section 5.3); (b) is lawfully acquired by the Vendor, any of their Affiliates or their representatives after the Closing from a source which, to the actual knowledge of the Vendor, after reasonable inquiry, is not prohibited from disclosing such information by a legal, contractual or fiduciary obligation; (c) is independently derived by the Vendor or any of their Affiliates after Closing without reference to or use of information subject to the confidentiality obligations of this Section 5.3; and (d) is required to be disclosed by Law and the Vendor has provided prompt written notice to the Purchaser of any such requirement and shall use reasonable efforts to cooperate with the Purchaser in seeking to obtain any protective order or other arrangement pursuant to which the confidentiality of the Confidential Information is preserved. If such an order or arrangement is not obtained, the Vendor may disclose that portion of the Confidential Information as is required pursuant to such requirements based on the advice of counsel.

5.4 Non-Competition and Non-Solicitation

5.4.1 *Non-Competition.* The Vendor hereby agrees and undertakes in favour of the Purchaser and its successors and assigns (collectively, the “**Beneficiaries**”), on its own behalf or in connection with any of its Affiliates, directly or indirectly, in any capacity whatsoever, including as an employer, employee, principal, agent, joint venturer, partner, shareholder or other equity holder, independent contractor, licensor, licensee, franchiser, franchisee, distributor, consultant, supplier or trustee, for a two (2) year term following the Closing Date (the “**Restricted Period**”), to refrain from selling, manufacturing, offering for sale, marketing or performing services for, owning or having an interest in, managing, operating, participating with or assisting in any way in, any Person, or allowing their name to be used by a Person that, directly or indirectly, competes with the Business.

Notwithstanding the foregoing, the Vendor and its Affiliates (the “**Vendor Group**”) may continue to purchase or cause its channel partners and customers to purchase products and/or services only from the Business in accordance with the Operating Agreement (the “**Vendor’s Post-Closing Resale Obligations**”).

5.4.2 *Non-Solicitation – Clients.* As a separate and independent covenant, throughout the Restricted Period, the Vendor hereby agrees and undertakes in favour of the Beneficiaries, on its own behalf or in connection with any of its Affiliates, directly or indirectly, in any capacity whatsoever, including as an employer, employee, principal, agent, joint venturer, partner, shareholder or other equity holder, independent contractor, licensor, licensee, franchiser, franchisee, distributor, consultant, supplier or trustee, that it shall not, directly or indirectly, solicit, initiate discussions or otherwise contact a Customer for the purposes of offering goods, selling, marketing or offering for sale, products or services in competition with the Business or to incite the said Customer or to amend or sever its business relationship with the Purchaser in connection with the Business.

5.4.3 *Non-solicitation – Employees.* As a separate and independent covenant, throughout the Restricted Period, the Vendor, on its own behalf or in connection with any of its Affiliates, directly or indirectly, in any capacity whatsoever, including as an employer, employee, principal, agent, joint venturer, partner, shareholder or other equity holder, independent contractor, licensor, licensee, franchiser, franchisee, distributor, consultant, supplier or trustee, hereby agrees and undertakes in favour of the Beneficiaries that it shall not, directly or indirectly, solicit, or in any way entice any Employee to leave his or her employment with, or otherwise amend or terminate the terms of its relationship with the Purchaser other than in accordance with the Operating Agreement.

5.5 Post-Closing Cooperation regarding Contracts

In addition to the Assumed Contracts, the Business has been conducted with other customer Contracts listed in Schedule 5.5 (the “**Non-Assigned Customer Contracts**”) which the parties

have elected not to assign pursuant to this Agreement but address as part of the Management Agreement in order to preserve the continuity of the Business after Closing.

ARTICLE 6 CLOSING ARRANGEMENTS

6.1 The obligation of the Purchaser to complete the purchase of the Purchased Assets is subject to the fulfillment of the conditions set forth in this Section 6.1 at the Closing, which conditions are for the exclusive benefit of the Purchaser and any or all of which may be waived in whole or in part, by the Purchaser in its sole discretion by notice given to the Vendor.

6.1.1 Consent of Lenders. The consent of the lenders of the Vendors to discharge their Encumbrances on the Purchased Assets shall have been obtained effective as of the Closing.

6.1.2 Truth of Representation and Warranties. All representations and warranties of the Vendor contained in this Agreement shall have been true in all material respects, as of the date of this Agreement and shall be true in all material respects, as of the Closing Date with the same effect as though made on and as of that date (except to the extent that any representation or warranty is affected by the occurrence of events or transactions expressly contemplated and permitted by this Agreement or otherwise consented to in writing by the Purchaser and the Vendor shall have delivered to the Purchaser a certificate addressed to the Vendors dated the Closing Date to that effect.

6.1.3 Vendor's Obligations. The Vendor shall have performed its obligations under this Agreement to the extent required to be performed on or before the Closing Date, including delivery of all documents, instruments and other items specified elsewhere in this Agreement and delivery of the following:

(a) certified copies of resolutions of directors and shareholders of the Vendor approving the entering into of this Agreement and the completion of the transactions contemplated hereby.

6.1.4 Adverse Proceedings. No injunction, judgment, Order, decree or ruling is in effect that would prevent the performance of this Agreement or the consummation of any of the transactions contemplated hereby or declare unlawful any of the transactions contemplated by this Agreement.

6.2 The obligation of the Vendor to complete the sale of the Purchased Assets is subject to the fulfillment of the conditions set forth in this Section 6.2 at the Closing, which conditions are for the exclusive benefit of the Vendor and any or all of which may be waived in whole or in part, by the Vendors in their sole discretion by notice given to the Purchaser.

6.2.1 Truth of Representation and Warranties. All representations and warranties of the Purchaser contained in this Agreement shall have been true in all material respects, as of the date of this Agreement and shall be true in all material respects, as of the Closing Date

with the same effect as though made on and as of that date) and the Purchaser shall have delivered to the Vendor a certificate addressed to the Vendors dated the Closing Date to that effect.

6.2.3 Purchaser's Obligations. The Purchaser shall have performed its obligations under this Agreement to the extent required to be performed on or before the Closing Date, including delivery of all documents, instruments and other items specified elsewhere in this Agreement and delivery of the following:

(a) certified copies of resolutions of directors of the Purchaser approving the entering into of this Agreement and the completion of the transactions contemplated hereby.

6.2.4 Adverse Proceedings. No injunction, judgment, Order, decree or ruling is in effect that would prevent the performance of this Agreement or the consummation of any of the transactions contemplated hereby or declare unlawful any of the transactions contemplated by this Agreement.

6.3 The transactions contemplated herein shall take place by electronic means at 10:00am on the Closing Date by the Vendor and Purchaser upon satisfaction of the following:

6.3.1 The Vendors shall deliver or cause to be delivered at the Closing the following:

- (a) a certificate of a senior officer of each of the Vendor, acting in its capacity and without any personal liability, confirming as of the Closing Date, the representations and warranties as provided in Section 4.1 in accordance with Section 6.1.2;
- (b) the Books and Records of the Business;
- (c) the Assigned Intellectual Property Rights of the Business; and
- (d) all such further documents as may reasonably be required to give full effect to the provisions of this Agreement.

All documentation shall be in form and substance acceptable to the Purchaser and the Vendor, each acting reasonably in good faith.

6.3.2 The Purchaser shall deliver or cause to be delivered at the Closing the following:

- (a) the payment of the Purchase Price in accordance with Sections 3.1 and 3.2;
- (b) certificates of senior officers of the Purchaser, acting in their capacity and without any personal liability, confirming as of the Closing Date, the representations and warranties as provided in Section 4.21 in accordance with Section 6.2.1;
- (c) all such further documents as may reasonably be required to give full effect to the provisions of this Agreement.

All documentation shall be in form and substance acceptable to the Purchaser and the Vendor, each acting reasonably in good faith.

ARTICLE 7 NO EMPLOYMENT TRANSFER

7.1 No Assumed Employees

For greater certainty, the Purchaser shall not assume any obligations of the Vendor and/or the Business.

ARTICLE 8 INDEMNIFICATION

8.1 Indemnification

8.1.1 Subject to Sections 4.4 and 8.2,

- (a) the Vendor agrees it will indemnify and hold the Purchaser and the Purchaser's directors, officers, employees, successors and assigns harmless from and against any Loss which they may suffer as a result of the following:
 - (i) a failure by the Vendor to observe or perform any covenant or obligation contained herein;
 - (ii) a breach of Vendor's representations and warranties under Section 4.1; or
 - (iii) the Excluded Liabilities;
- (b) the Purchaser agrees that it will indemnify and hold the Vendor and the Vendor's directors, officers, employees, successors and assigns harmless from and against any Loss which they may suffer as a result of the following:
 - (i) a failure by any of the Purchaser to observe or perform any covenant or obligation contained herein;
 - (ii) a breach of any of the Purchaser's representations and warranties under Section 4.2; or
 - (iii) the Assumed Liabilities.

(the Party or other indemnified Person making a claim for indemnification under any provision of this Article 8 being the "**Indemnified Party**", and the Party

providing indemnification being the “**Indemnifier**” for the purposes of this Article 8).

8.2 Limitation on Indemnification, Deductible and Cap

8.2.1 *Limitations on Indemnification of the Purchaser.* Except in connection with the Vendor’s Fundamental Representations, the restrictive covenants in Section 5.4 and fraud or wilful misconduct (for which, in each case, the Threshold shall not apply and the maximum aggregate liability shall not exceed the Purchase Price), no Claims for indemnification may be made by the Purchaser against the Vendor in respect of any Loss resulting from any matter referred to in Section 8.1.1(a) unless and until the aggregate amount of the Losses suffered or incurred by the Purchaser, taken as a whole, collectively exceeds Twenty-Five Thousand Dollars (\$25,000.00) (the “**Threshold**”), in which event, the amount of Losses which may be recovered by the Purchaser shall commence at the first dollar of Loss.

8.2.2 *Limitations on Indemnification of the Vendor.* Except in connection with the Purchaser’s Fundamental Representations and fraud or wilful misconduct (for which, in each case, the Threshold shall not apply and the maximum aggregate liability shall not exceed the Purchase Price), no Claims for indemnification may be made by the Vendor against the Purchaser in respect of any Loss resulting from any matter referred to in Section 8.1.1(b) unless and until the aggregate Losses suffered or incurred by the Vendor, taken as a whole, collectively exceed the Threshold, in which event, the amount of such Losses which may be recovered by the Vendor shall commence at the first dollar of Loss.

8.3 General Indemnification Rules

The obligations of the Indemnifier to indemnify the Indemnified Party in respect of any Loss shall also be subject to the principles set forth in this Section 8.3.

8.3.1 *Recovery Once.* With respect to any Loss suffered by the Indemnified Party, no liability shall attach to the Indemnifier to the extent that the same Loss has been recovered by the Indemnified Party under any other representation or warranty contained in this Agreement or any other document referred to herein and, accordingly, the Indemnified Party may only recover once in respect of the same Loss.

8.3.2 *Insurance.* The obligation of indemnification shall not apply to the extent that any Loss claimed is recovered or recoverable through insurance to the Indemnified Party less any deductible paid or increase in premiums resulting from such claim.

8.3.3 *Remedy.* To the extent that any breach of representation or warranty contained in this Agreement is capable of remedy, the Indemnified Party shall afford the Indemnifier a reasonable opportunity to remedy the matter complained.

8.3.4 *Fault of Party.* The obligation of indemnification shall not apply to the extent that any Loss results from the fault of the Party seeking indemnification or from fraud committed by such Party.

8.3.5 *Tax Benefits.* The obligation of indemnification shall be reduced to the extent the Indemnified Party receives any Tax benefits, including the reduction of any income Tax by reason of the Losses being claimed as a deduction or reduction of the income Tax payable.

8.4 Direct Claims

Any Direct Claim shall be asserted by giving the Indemnifier reasonably prompt written notice thereof, but in any event not later than thirty (30) days after the Indemnified Party becomes aware of acts, omissions or facts that may give rise to such Direct Claim. Such notice to the Indemnifier shall describe the Direct Claim in reasonable detail and shall indicate, if reasonably practicable, the estimated amount of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifier shall then have a period of thirty (30) days within which to respond in writing to such Direct Claim (the “**Response Period**”). If the Indemnifier does not so respond within the Response Period, the Indemnifier shall be deemed to have rejected such Claim, and in such event the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party. If the Indemnifier agrees prior to the expiration of the Response Period as to the validity of the Direct Claim, the Indemnifier shall promptly pay to the Indemnified Party the amount of such Direct Claim forthwith upon such amount being quantified. If the Parties fail to agree as to the validity of the Direct Claim or its amount, any Party may exercise all remedies as may be available to such Party.

8.5 Notice of Third Party Claim

Except as set forth in Section 8.6.3, if an Indemnified Party receives notice of the commencement or assertion of any Third Party Claim, the Indemnified Party shall give the Indemnifier reasonably prompt notice thereof, but in any event no later than thirty (30) days after receipt of such notice of such Third Party Claim. Such notice to the Indemnifier shall describe the Third Party Claim in reasonable detail and shall indicate, if reasonably practicable, the estimated amount of the Loss that has been or may be sustained by the Indemnified Party.

8.6 Defence of Third Party Claims

8.6.1 *Assumption of Defence.* The Indemnifier may participate in or assume the defence of any Third Party Claim by giving notice to that effect to the Indemnified Party not later than thirty (30) days after receiving notice of that Third Party Claim (the “**Notice Period**”). The Indemnifier’s right to do so shall be subject to: (i) the rights of any insurer or other party who has potential liability in respect of that Third Party Claim; (ii) the Indemnifier acknowledging in writing to the Indemnified Party that Losses that may be assessed against the Indemnified Party in connection with such Third Party Claim constitute Losses

for which the Indemnified Party shall be indemnified pursuant to this Agreement, (iii) the Indemnifier provides the Indemnified Party with evidence acceptable to the Indemnified Party that the Indemnifier will have the financial resources to defend against the Third Party Claim and fulfill its indemnification obligations hereunder with counsel reasonably satisfactory to the Indemnified Party, and (iv) the Indemnifier shall not be entitled to assume or maintain control of the defense of any Third Party Claim and shall pay the reasonable fees and expenses of counsel retained by the Indemnified Party if (a) the Third Party Claim relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation (b) the Third Party Claim seeks an injunction or equitable relief against the Indemnified Party or any of its Affiliates or (c) the Indemnifier Party has failed or is failing to reasonably prosecute or defend the Third Party Claim. The Indemnifier agrees to pay all of its own expenses of participating in or assuming such defence. The Indemnified Party shall cooperate in good faith in the defence of each Third Party Claim, even if the defence has been assumed by the Indemnifier, and may participate in such defence assisted by counsel of its own choice at its cost and expense, provided that the Indemnifier and its legal counsel shall lead the defence. If the Indemnified Party has not received the notice within the Notice Period that the Indemnifier has elected to assume the defence of such Third Party Claim, the Indemnified Party may, at its option, elect to settle or compromise the Third Party Claim or assume such defence, assisted by counsel of its own choosing and the Indemnifier shall be liable for all reasonable costs and expenses paid or incurred in connection therewith and any Loss suffered or incurred by the Indemnified Party with respect to such Third Party Claim.

- 8.6.2 *Settlement.* The Indemnifier shall not settle any Third Party Claim without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld, unless:
- (a) the terms of the compromise and settlement require only the payment of money and do not require the Indemnified Party to admit any wrongdoing or take or refrain from taking any action; and
 - (b) the Indemnified Party receives, as part of the compromise and settlement, an unconditional release, which is in form and substance satisfactory to the Indemnified Party, acting reasonably, from any and all obligations or liabilities it may have with respect to the Third Party Claim.
- 8.6.3 *Refusal of tax election.* The Vendor undertakes to allow the Purchaser to contest any notice of assessment or payment request issued by a Governmental Authority respecting the filing of an election pursuant Sections 3.3 and/or 3.4. Notwithstanding the foregoing, the Purchaser shall immediately inform the Vendor in writing of any assessment, proposed assessment and payment request.

8.7 Assistance for Third Party Claims

The Indemnifier and the Indemnified Party shall use all reasonable efforts to make available to the Party which is undertaking and controlling the defence of any Third Party Claim (the “**Defending Party**”):

- 8.7.1 those employees whose assistance, testimony or presence is necessary to assist the Defending Party in evaluating and in defending any Third Party Claim; and
- 8.7.2 all documents, records and other materials in the possession of such Party reasonably required by the Defending Party for its use in defending any Third Party Claim.

Each of them shall otherwise cooperate with the Defending Party. The Indemnifier shall be responsible for all expenses associated with making such documents, records and materials available and for all reasonable expenses of any employees made available by the Indemnified Party to the Indemnifier hereunder but not for salaries.

8.8 No Rights of Set-Off

The Parties expressly agree that no rights of set-off shall exist under this Agreement.

8.9 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 Loss which it may suffer or incur by reason of the breach by an Indemnifier of any representation or warranty or the breach of any covenant of the Indemnifier hereunder. If any Loss can be reduced by any recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any Claim against, recovery from, settlement with or payment by any other Person, the Indemnified Party shall take all appropriate steps to enforce such Claim, recovery, settlement or payment.

8.10 Purchase Price Adjustment

Any indemnification payment made under this Article 8 shall be treated by the Purchaser and the Vendor as an adjustment to the Purchase Price.

ARTICLE 9 GENERAL

9.1 Fees and Expenses

Except as set out in the joint retainer letter with CC Corporate Counsel Professional Corporation, it is the responsibility of each Party to pay the professional fees of its legal counsel, financial advisors, accountants and of any other consultant engaged in connection with the transactions contemplated hereby, including with respect to the preparation,

execution and delivery of this Agreement, and all other costs and expenses incurred in connection with the transactions contemplated hereby.

9.2 Public Announcement

All public notices to third parties and all other announcements, press releases and publicity concerning the Agreement, or the transactions contemplated by the Agreement must be jointly planned and coordinated by the Vendor and the Purchaser. Neither Party will act unilaterally in this regard without the prior consent of the other Party unless, and only to the extent that, disclosure is required to meet the timely disclosure obligations of any Party under applicable securities Laws or stock exchange rules in circumstances where prior consultation with the other Party is not practicable, or the disclosure is to the Party's board of directors, senior management and its legal, accounting, financial or other professional advisers.

9.3 Successors, assigns and assignments

Neither the Agreement nor any right or obligation under the Agreement may be assigned by either Party without the prior consent of the other Parties. This Agreement enures to the benefit of and binds the Parties and their respective successors and permitted assigns.

9.4 Entire Agreement

The Agreement, together with the other Closing Documents, constitutes the entire agreement between the Parties pertaining to the subject matter of the Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties or other agreements between the Parties in connection with the subject matter of the Agreement except as specifically set out in the Agreement or the other Closing Documents. No Party has been induced to enter into the Agreement in reliance on, and there will be no liability assessed with respect to, any warranty, representation, opinion, advice or assertion of fact, except to the extent it has been reduced to writing and included as a term in the Agreement or in the other Closing Documents.

9.5 Amendments and Waivers

This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by the Vendor and the Purchaser. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision (whether or not similar). No waiver shall be binding unless executed in writing by the Party to be bound by the waiver.

9.6 Notice

Requests, notices, consents or any other communications to be provided under this Agreement shall be submitted in writing and delivered personally, by registered mail or by facsimile or by email and registered mail: (i) to the respective addresses listed below, and (ii) in the case of an alternative address or other personal or electronic communication

number indicated in a notice by a Party to the other Parties, to such address or personal or electronic communication number.

Notice to the Vendor:

ZEST CANNABIS INC.

[REDACTED]
[REDACTED]

[REDACTED] [REDACTED]
[REDACTED] [REDACTED]

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

CC Corporate Counsel Professional Corporation

20 Great Gulf Drive, Suite 14
Vaughan, Ontario, L4K 0K7

[REDACTED] [REDACTED]
[REDACTED] [REDACTED]

Notice to Purchaser:

1000594871 ONTARIO CORP.

[REDACTED]
[REDACTED]

[REDACTED] [REDACTED]
[REDACTED] [REDACTED]

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

CC Corporate Counsel Professional Corporation

20 Great Gulf Drive, Suite 14
Vaughan, Ontario, L4K 0K7

[REDACTED] [REDACTED]
[REDACTED] [REDACTED]

Requests, notices or other communications provided personally shall be conclusively deemed to have been provided on the date of actual delivery and, if sent by registered mail, on the third Business Day following the deposit in the mail, and if transmitted by facsimile or email, on the date of delivery thereof if transmitted during the normal business hours of

the addressee on a Business Day and on the following Business Day if not transmitted during such hours. If the Party sending a request, notice or other communication knows or reasonably ought to know of difficulties with the postal system which could delay the delivery of mail, such request, notice or other communication should not be sent by mail but rather delivered personally or sent by email.

9.7 Further assurances

Each Party will, at the requesting Party's cost, execute and deliver any further agreements and documents and provide any further assurances as may be reasonably required by the other Party or Parties to give effect to the Agreement and, without limiting the generality of the foregoing, will do or cause to be done all acts and things, execute and deliver or cause to be executed and delivered all agreements and documents and provide any assurances, undertakings and information as may be required from time to time by all Governmental Authorities or as may be required from time to time under applicable securities Laws.

9.8 Governing Law

The Agreement is governed by, and is to be construed and interpreted in accordance with, the laws applicable in the Province of Ontario. Each of the Parties irrevocably submits and attorns to the jurisdiction of the courts of the Province of Ontario (judicial district of Toronto) to determine all issues, whether at law or in equity arising from the Agreement. To the extent permitted by applicable Law, each of the Parties irrevocably waives any objection (including any claim of inconvenient forum) to the venue of any legal proceeding arising out of or relating to the Agreement in the courts of the Province of Ontario (judicial district of Toronto), or that the subject matter of the Agreement may not be enforced in these courts, and irrevocably agrees not to seek, and hereby waives any right to, judicial review by any court which may be called upon to enforce the judgment of these courts, of the substantive merits of any such suit, action or proceeding. To the extent a Party has or hereafter may acquire any immunity from the jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, that Party irrevocably waives that immunity in respect of its obligations under the Agreement.

9.9 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision shall be severed from this Agreement and the remaining provisions shall remain in full force and effect.

9.10 Payment by Wire Transfer

Any money to be paid or tendered by one Person to another pursuant to the Agreement must be paid by wire transfer of immediately available funds to an account designated in writing by the Person entitled to receive the payment.

9.11 Tender

Any tender of documents or money pursuant to the Agreement may be made upon the Parties or their respective counsel.

9.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this Agreement.

[Remainder of page intentionally left blank]

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

ZEST CANNABIS INC.

By: signed "Max Fraser"
Name: Max Fraser
Title: Director

1000594871 ONTARIO CORP.

By: signed "Max Fraser"
Name: Max Fraser
Title: Director

SCHEDULE 1.1 DEFINITIONS

1.1 Definitions

- 1.1.1 “**Affiliate**” has the meaning given to the term “Affiliate” in the *Business Corporations Act (Ontario)*, as in force on the date hereof;
- 1.1.2 “**Agreement**” means this Agreement, its preamble and all its Schedules, and all modifications thereto made by a written agreement between the Parties;
- 1.1.3 “**Applicable Rate**” means the prime business rate of interest reported from time to time by the Bank of Canada;
- 1.1.4 “**Assigned Intellectual Property Rights**” means the Intellectual Property Rights used in the Business and listed in Schedule 4.1.12(a).
- 1.1.5 “**Assumed Contracts**” means those contracts identified in in paragraph (a) and (f) in the definition of Material Contract.
- 1.1.6 “**Assumed Liabilities**” has the meaning given to it in Section 2.4;
- 1.1.7 “**Beneficiaries**” has the meaning given to it in Section 5.4.1;
- 1.1.8 “**Books and Records**” means all books, records, files and papers of the Vendor and any of Affiliates relating to the Business, including but not limited to title documentation, Software documentation (including but not limited to source code(s), operator and user manuals, training materials, guides, listings, specifications and any revisions or additions to such documents), electronic data, financial and tax working papers, financial and tax books and records, business reports, business plans and projections, sales and advertising materials, sales and purchases records and correspondence, trade association files, research and development records, lists of present and former suppliers, all other documents and data (technical or otherwise) relating to the Business, the Purchased Assets, and all copies and recordings of the foregoing
- 1.1.9 “**Business**” has the meaning given to it in the preamble;
- 1.1.10 “**Business Day**” means any day on which Canadian chartered banks are generally open for business in Toronto, Ontario, other than a Saturday, a Sunday or a public holiday under applicable Laws;

- 1.1.11 “**Cash**” means cash and cash equivalents of the Vendor, including term deposits, outstanding cheques, guaranteed investment certificates and similar readily liquid instruments;
- 1.1.12 “**Claim**” means any claim, complaint, demand, grievance, prosecution or legal, judicial, arbitral or administrative proceedings, including assessment or reassessment and any appeal or application for review;
- 1.1.13 “**Customer**” means any Person to whom the Vendor provides services or sell products in relation to the Business;
- 1.1.14 “**Closing**” means the conclusion on the date hereof of the sale by the Vendor and the purchase by the Purchaser of the Purchased Assets when all conditions to Closing have been satisfied or waived by the Parties;
- 1.1.15 “**Closing Date**” means July 20, 2023 or such other date determined in accordance with this Agreement as agreed to by the Parties in writing;
- 1.1.16 “**Closing Documents**” means any agreement, assignment or any other document delivered with respect to the Closing in accordance with this Agreement;
- 1.1.17 “**Confidential Information**” means information, whether in written or electronic form, that is of a proprietary or confidential nature, or not generally available to the public, relating to the Business;
- 1.1.18 “**Consent**” means any consent, approval, permit, waiver, ruling, exemption or acknowledgement from any Person which is provided for or required in respect of, or pursuant to the terms of any Material Contract or as otherwise listed in Schedule 4.1.5 in connection with the sale of the Purchased Assets to the Purchaser on the terms contemplated in this Agreement, to permit the Purchaser to carry on the Business after the Closing Date or which is otherwise necessary to permit the Parties to perform their obligations under this Agreement;
- 1.1.19 “**Contract**” means any agreement, understanding, undertaking, indenture, commitment, license or lease, whether written or verbal, including all purchase orders whether filled or unfilled;
- 1.1.20 “**Current Assets**” means, in respect of the Business, the aggregate sum of the values of the Accounts Receivable, and Prepaid Amounts;
- 1.1.21 “**Defending Party**” has the meaning given to it in Section 8.7;
- 1.1.22 “**Direct Claim**” means any Claim by an Indemnified Party against an Indemnifier which does not result from a Third Party Claim;
- 1.1.23 “**Effective Time**” means 12:01 a.m. (Toronto Time) on the Closing Date;

- 1.1.24 “**Employees**” means those individuals who are employed in the Business, whether on a full-time or part-time basis, active or inactive;
- 1.1.25 “**Employee Benefit Plan**” means all plans that provide for pension or retirement income or benefits for the benefit of Employees;
- 1.1.26 “**Encumbrance**” means any security interest, mortgage, deed of trust, charge, pledge, priority, hypothec, lien, encumbrance, restriction or option;
- 1.1.27 “**Environment**” means the ambient air, all layers of the atmosphere, all water including surface water and underground water, all land and organic and inorganic matter, and includes indoor spaces;
- 1.1.28 “**Environmental Laws**” means any Laws relating to the Environment and protection of the Environment, the regulation of chemical substances or products, health and safety, including occupational health and safety, and the transportation of dangerous goods;
- 1.1.29 “**ETA**” means the *Excise Tax Act* (Canada) and its regulations;
- 1.1.30 “**Excluded Assets**” has the meaning given to it in Section 2.2;
- 1.1.31 “**Excluded Liabilities**” has the meaning given to it in Section 2.5;
- 1.1.32 “**Financial Statements**” is not applicable.
- 1.1.33 “**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”);
- 1.1.34 “**Finally Determined**” means, with respect to any claim for indemnification, payment, reimbursement or set off by any Indemnified Person pursuant to this Agreement, the amount of such claim the entitlement to which any Indemnified Person (i) has been consented to in writing by the Indemnifying Party (whether pursuant to a settlement agreement or otherwise), or (ii) has been determined pursuant to a final, non-appealable judgment or other similar determination of a court of competent jurisdiction.
- 1.1.35 “**Governmental Authorities**” means: (a) any government, department, central bank, court, tribunal, arbitral body, commission, board, office or any agency, multinational, federal, provincial, state, regional, municipal or local, either nationally or internationally, (b) anybody exercising quasi-governmental regulatory authority, administration, expropriation or any Tax Authority under the direction of one of the foregoing authorities or on behalf of it, and (c) any agency, court or judicial or quasi-judicial tribunal;
- 1.1.36 “**GST/HST**” means the federal goods and services tax and harmonized sales tax imposed under the ETA;

- 1.1.37 “**Indebtedness**” means any obligations for borrowed money;
- 1.1.38 “**Indemnified Party**” has the meaning given to it in Section 8.1.1;
- 1.1.39 “**Indemnifier**” has the meaning given to it in Section 8.1.1;
- 1.1.40 “**Intellectual Property**” means, in relation to the Business:
- (a) trade-marks, design marks, logos, service marks, certification marks, official marks, trade names, business names, corporate names, trade dress, and other characters, brand elements or other distinguishing features used in association with wares or services, whether or not registered or the subject of an application for registration (“**Trade-marks**”);
 - (b) inventions, arts, processes, machines, articles of manufacture, compositions of matter, business methods, formula, developments and improvements, whether or not patented or the subject of an application for patent and whether or not patentable, methods and processes for making any of them, and related documentation (whether in written or electronic form) and know-how;
 - (c) software in source code or object code form, documentation, literary works, artistic works, pictorial works, graphic works, musical works, dramatic works, audio visual works, performances, sound recordings and signals, including their content, and any compilations of any of them, whether or not registered or the subject of an application for registration and whether or not registrable (“**Works**”);
 - (d) domain names, whether registered primary domain names or secondary or other higher level domain names (“**Domain Names**”);
 - (e) industrial designs and all variants of industrial designs, whether or not registered or the subject of an application for registration and whether or not registrable (“**Designs**”); and
 - (f) trade secrets, technical expertise, and research data and other Confidential Information relating to goods and services;
- but in each case only to the extent used in connection with the Business.
- 1.1.41 “**Intellectual Property Rights**” means:
- (a) any common law principle or statutory provision which may provide a right in Intellectual Property, including all:

- (i) common law rights and registrations, pending applications for registration and rights to file applications for the Trade-marks, including all rights of priority;
 - (ii) patents and pending patent applications;
 - (iii) copyrights in Works and all registrations, pending applications for registration of Works;
 - (iv) registrations and pending applications for registration of Domain Names and all other common law and statutory rights in Domain Names; and
 - (v) industrial design rights, design patents, design registrations, pending patent and design applications of Designs; and
- (b) all rights to enforce the rights and obtain remedies for a violation of any of the rights listed in (a) above;
- 1.1.42 “**Inventory**” means, collectively, all inventories of stock-in-trade and merchandise related to the Business as of the Closing Date, including all finished goods, work in progress, raw materials, manufacturing supplies, spare parts, packaging materials and all other materials and supplies used or consumed in the production of finished goods and owned by the Vendor in connection with the Business (including those in possession of suppliers, customers, shippers and other third parties), less the estimated reserves for obsolescence and excess inventory;
- 1.1.43 “**Knowledge of the Vendor**” means the knowledge of Max Fraser, after reasonable internal inquiry;
- 1.1.44 “**Laws**” means all laws (including common law), orders, rules, and all federal, provincial, state or municipal regulations, domestic or foreign, and all Orders of a Governmental Authority;
- 1.1.45 “**Loss**” means any direct loss, liability, damage, cost, expense, charge, fine, penalty or assessment actually suffered by an Indemnified Party, including the costs and expenses of any action, suit, proceeding, demand, assessment, judgment, settlement or compromise and all interest, and reasonable professional fees and disbursements, in each case that have been Finally Determined, but excluding any punitive damages, loss of profit or other indirect damage;
- 1.1.46 “**Material Consequence**” means any change that is material and adverse to the Business, the results of operations or the financial condition of the Business, except for any change caused by, pertaining to or arising from the following:

- (a) conditions generally affecting the industry in which the Business operates or the markets for any of the products or services of the Business, except to the extent specifically related to or disproportionately impacting the Business;
- (b) the initiation, occurrence or continuation of war (whether declared or undeclared), armed hostilities or acts of terrorism;
- (c) a natural disaster;

1.1.47 “**Material Contract**” means:

- (a) the Contracts with customers (by revenue) of the Business as identified in Schedule **Error! Reference source not found.** and Contracts with the suppliers of the Business which have an annual cost in excess of \$10,000;
- (b) a Contract involving an amount in excess of \$10,000 relating to Indebtedness or the mortgaging, pledging or otherwise placing an Encumbrance on any material asset or material group of assets of the Business;
- (c) a Contract under which the Vendor has provided or are the beneficiaries of a guaranty, performance bond or similar agreement for an amount in excess of \$10,000 relating to the Business;
- (d) a Contract under which the Vendor is a lessee of or holds or operate any asset relating to the Business, owned by any other Person;
- (e) a Contract under which the Vendor is a lessor of or permit any third party to hold or operate any assets owned by the Vendor relating to the Business;
- (f) a Contract relating to any Intellectual Property Rights relating to the Business, including as set out in Schedule 4.1.14(b).

1.1.48 “**Non-Assigned Contracts**” has the meaning given to it in Section 2.6;

1.1.49 “**Non-Assigned Customer Contracts**” has the meaning given to it in Section 5.5;

1.1.50 “**Notice Period**” has the meaning given to it in Section 8.6;

1.1.51 “**Notified Claim**” means a Claim against the Business in connection to which the Vendor received written notice or service thereof;

- 1.1.52 “**Order**” means any final and binding order, judgment, proceeding, decree, injunction, decision, sentence or stipulation of a court, tribunal, arbitrator or any other Governmental Authority;
- 1.1.53 “**Ordinary Course**” means, with respect to an action taken by a Person, such action is consistent with the current practices of such Person and is taken in the ordinary course of the normal day-to-day operations of such Person, or any change or effect which arises in the ordinary course of the normal day-to-day operations of a Person;
- 1.1.54 “**Owned IP**” has the meaning given to it in Section 4.1.12(a);
- 1.1.55 “**Parties**” means collectively, the Vendor and the Purchaser, and “**Party**” means any one of them;
- 1.1.56 “**Permits**” means the authorizations, registrations, permits, certificates of approval, approvals, grants, licenses, quotas, consents, commitments, rights or privileges (other than those relating to Intellectual Property Rights) issued or granted by any Governmental Authority that are used or held by the Vendor in connection with the Business;
- 1.1.57 “**Person**” means an individual, body corporate, limited liability company, sole proprietorship, partnership or trust or unincorporated association, unincorporated syndicate, unincorporated organization, or another entity, and a natural person acting in his or her individual capacity or in his or her capacity as executor, trustee, administrator or legal representative, and any Governmental Authority;
- 1.1.58 “**Personal Information**” means information about an individual who can be identified by the Person who holds that information;
- 1.1.59 “**Prepaid Amounts**” means the aggregate sum of all prepaid expenses and other current assets of ongoing benefit to the Vendor, including prepaid licenses, maintenance, marketing and lease payments;
- 1.1.60 “**Privacy Laws**” means any Laws that regulate the collection, use or disclosure of Personal Information;
- 1.1.61 “**Purchased Assets**” has the meaning given to it in Section 2.1;
- 1.1.62 “**Purchase Price**” has the meaning given to it in Section 3.1;
- 1.1.63 “**Purchaser**” has the meaning given to it in the preamble of this Agreement;
- 1.1.64 “**Purchaser’s Fundamental Representations**” has the meaning given to it in Section 4.4.2(a);

- 1.1.65 “**Regulatory Approvals**” means the permits, licenses, certifications, authorizations or approvals of, or notifications to, any Governmental Authority are required to be obtained by the Purchaser to carry on the Business in the Ordinary Course after the Closing Date or which is necessary to permit the Parties to perform their obligations under this Agreement;
- 1.1.66 “**Response Period**” has the meaning given to it in Section 8.4;
- 1.1.67 “**Restricted Period**” has the meaning given to it in Section 5.4.1;
- 1.1.68 “**Retained Intellectual Property Rights**” has the meaning given to it in Section 4.1.12(a).
- 1.1.69 “**Sales Taxes**” has the meaning given to it in Section 3.3.1;
- 1.1.70 “**Share Consideration**” has the meaning given to it in Section 3.1.
- 1.1.71 “**Subsidiary**” has the meaning given to the term “Subsidiary” in the *Business Corporations Act* (Ontario), as in force on the date hereof;
- 1.1.72 “**Tax**” or “**Taxes**” means all taxes, duties, fees, premiums, assessments, imposts, levies, rates, withholdings, dues, government contributions and other charges of any kind whatsoever imposed by any Governmental Authority, whether direct or indirect, together with all interest, penalties, fines, additions to tax or other additional amounts imposed in respect thereof, including those levied on, or measured by, or referred to as income, gross income, gross receipts, net proceeds, profits, capital gains, alternative or add-on, or minimum, capital, transfer, land transfer, sales, retail sales, consumption, use, goods and services, harmonized sales, value-added, ad valorem, turnover, excise, stamp, non-resident withholding, business, franchising, business licenses, real and personal property (tangible and intangible), environmental, transfer, payroll, employee withholding, employment, health, employer health, social services, development, occupation, education or social security, and all contributions, premiums, surtaxes, all customs duties, countervail, anti-dumping, special import measures and import and export taxes, all license, franchise and registration fees, all provincial workers’ compensation payments, and all employment insurance, health insurance and Canada, Quebec and other government pension plan contributions;
- 1.1.73 “**Tax Act**” means the *Income Tax Act* (Canada);
- 1.1.74 “**Tax Authorities**” means the Canada Revenue Agency, the *Agence du revenu du Québec*, as well as any other national, state, local, provincial or other Governmental Authority responsible for the administration, implementation, assessment, fixation, application, compliance, collection or other impositions of Taxes;

- 1.1.75 “**Tax Return**” means any return, report, declaration, designation, election, undertaking, waiver, notice, filing, information return, statement, form, certificate or any other document or materials relating to Taxes, including any related or supporting information with respect to any of the foregoing, filed or to be filed with any Governmental Authority in connection with the determination, assessment, collection or administration of Taxes;
- 1.1.76 “**Third Party Claim**” means any Claim asserted against an Indemnified Party that is paid or payable to, or claimed by, any Person who is not a Party or an Affiliate of a Party;
- 1.1.77 “**Third Party Licensed IP**” has the meaning given to it in Section **Error! Reference source not found.**;
- 1.1.78 “**Threat of Claim**” a Claim or a question shall be deemed to be a Threat of Claim if a written request or declaration has been made, or if a written notice has been given;
- 1.1.79 “**Threshold**” has the meaning given to it in Section 8.2.1;
- 1.1.80 “**Vendor**” has the meaning given to it in the preamble;
- 1.1.81 “**Vendor’s Fundamental Representations**” has the meaning given to it in Section 4.4.1(a);
- 1.1.82 “**Vendor’s Post-Closing Resale Obligations**” has the meaning given to it in Section 5.4.1;

SCHEDULE 4.1
Representations and Warranties of the Vendor

Corporate Matters

4.1.1 *Capacity and No Violation*

- (a) The Vendor is a corporation duly incorporated and validly existing under the laws of Canada. The Vendor has the corporate power to own and operate its property and is duly qualified to carry on the Business as currently conducted under the laws of each jurisdiction which the Business is currently conducted. No resolution has been adopted relating to the dissolution or liquidation of the Vendor.
- (b) This Agreement, and each Closing Document, have been duly executed and delivered by the Vendor and constitutes a legal, valid and binding agreement of it, enforceable against it in accordance with its respective terms, subject only to any limitation under applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (c) The execution and delivery of and performance by the Vendor of this Agreement:
 - (i) does not and will not constitute or result in a material breach of (a) its constating documents or by-laws, or (b) any applicable Law; or
 - (ii) does not and will not result in the creation or incurrence of any Encumbrance on the Purchased Assets.
- (d) The Vendor has no subsidiaries.

4.1.2 *Required Authorizations.* The Vendor has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereunder and thereunder have been duly authorized by all necessary corporate action on the part of the Vendor.

4.1.3 *Title to the Purchased Assets.* The Vendor has valid, good and marketable title to each of the Purchased Assets free and clear of all Encumbrances.

General Matters Relating to the Business

4.1.4 *Compliance with Laws and Permits*

- (a) The Vendor is conducting the Business in material compliance with all applicable Laws where failure to do so would have a Material Consequence.

4.1.5 *Consents and Regulatory Approvals.* Except as disclosed in Schedule 4.1.5:

- (a) there is no requirement to obtain any Consent of a party under any Material Contract to which the Vendor is a party in order to complete the transactions contemplated by this Agreement; and
- (b) no authorization, Regulatory Approval, Order, consent of, or filing with, any Governmental Authority is required on the part of the Vendor in connection with the execution, delivery and performance of this Agreement.

4.1.6 *Deleted*

4.1.7 *Deleted*

4.1.8 *Deleted*

4.1.9 *Deleted*

4.1.10 *Financial Statements.*

The Vendor has not produced any financial statements.

4.1.11 *Deleted*

4.1.12 *Intellectual Property*

- (a) Schedule 4.1.12(a) sets forth a list of specified issued, registered and pending applications for registration of Intellectual Property Rights of the Vendor as well as material non-registered Intellectual Property Rights of the Vendor (collectively, the “**Owned IP**”) identifying which: (i) are used by the Business and therefore constitute “**Assigned Intellectual Property Rights**” and (ii) which are used in the Business but elsewhere by the Vendor and therefore constitute “**Retained Intellectual Property Rights**”, which shall be subject to the IP License Agreement executed concurrently herewith.
- (b) The Owned IP is owned free and clear of any Encumbrances. The Vendor has not granted to any Person any material right or license to use the Owned IP except as specified in the Asset Purchase Order Agreement dated July

20, 2023 made between ZEST CANNABIS INC. and 1000501971 ONTARIO INC.

4.1.13 *Deleted*

4.1.14 *Litigation.* There are no legal, judicial, arbitral or administrative proceedings against or involving the Vendor in connection with the Business or, to the Knowledge of the Vendor, threatened. There is no outstanding judgment, decree, Order, ruling or injunction involving the Vendor in connection with the Business or relating in any way to the transactions contemplated by the Agreement.

4.1.15 *Material Contracts*

- (a) All Material Contracts to which the Vendor is a party or bound are the Asset Purchase Order Agreement dated July 20, 2023 made between ZEST CANNABIS INC. and 1000501971 ONTARIO INC.
- (b) To the Knowledge of the Vendor, no counterparty to any Material Contract is in default of any of its obligations under any Material Contract.

4.1.16 *Deleted.*

4.1.17 *Options to purchase the Purchased Assets.* No Person has any agreement or option or any right or privilege (whether by Law, pre-emptive, contractual or otherwise) capable of becoming an agreement, for the purchase of any of the Purchased Assets, other than in the Ordinary Course.

4.1.18 *Deleted.*

4.1.19 *Deleted*

4.1.20 *Taxes*

- (a) There are no Encumbrance for Taxes against the Purchased Assets. None of the Purchased Assets is the subject of any trust arising under any applicable Law relating to Taxes;
- (b) The Vendor is registered for HST purposes and the sales tax registration numbers are set out in Schedule 4.1.20(b).
- (c) No failure, if any, of the Vendor to duly and timely withhold, remit, collect or pay all Taxes, including all instalments on account of Taxes for the current year, that it is obligated to withhold, remit, collect or pay will result in any Encumbrance on any of the Purchased Assets.
- (d) There are no proceedings, investigations, audits or claims now pending or threatened against the Vendor in respect of any Taxes, and there are no matters under discussion, audit or appeal with any Governmental Authority

relating to Taxes, which in either case will result in any Encumbrance on any of the Purchased Assets.

4.1.21 *Deleted*

4.1.22 *Deleted*

4.1.23 *No Broker*. The Vendor has no obligation to any broker, agent or similar Person in respect of the transactions contemplated herein.

SCHEDULE 4.2
Representations and Warranties of the Purchaser

4.2 Representations of the Purchaser *Capacity and No Violation*

- (a) The Purchaser is a corporation duly incorporated and validly existing under the laws of the Province of Ontario. The Purchaser has the corporate power to own and operate its property, and to carry on the business as currently conducted. No resolution has been adopted relating to the dissolution or liquidation of any of the Purchaser.
- (b) This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding agreement of it, enforceable against it in accordance with its respective terms, subject only to any limitation under applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (c) The execution and delivery of and performance by the Purchaser of this Agreement does not and will not constitute or result in a material breach of:
 - (i) their constating documents or by-laws, or
 - (ii) any applicable Law.

4.2.1 *Required Authorizations.* The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder and thereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereunder and thereunder have been duly authorized by all necessary corporate action on the part of the Purchaser.

4.2.2 *Approvals and Consents.* The Purchaser is not required to obtain any consent, approval, notice, Order, authorization, deposit or Permit from a Governmental Authority or from any other Person with respect to the execution and delivery of this Agreement or in connection with the completion by it of the transactions contemplated under this Agreement.

4.2.3 *Litigation.* There is no Order or Claim or, to the knowledge of the Purchaser, any Threat of Claim from a Governmental Authority which could adversely affect the ability of the Purchaser to enter into this Agreement or to perform their obligations hereunder or thereunder.

4.2.4 *Sales Tax.* The Purchaser is registered for HST purposes and the sales tax registration numbers are set out in Schedule 4.2.4.

4.2.5 *No Broker.* The Purchaser has no obligation of any kind to a broker, intermediary, agent or other similar Person in respect of the transactions contemplated herein.

Schedule 3.2
Vendor's Direction for the Issuance of Share Consideration

Name	Percentage
ZEST CANNABIS INC.	100%

**Schedule 4.1.14(a)
Owned IP**

[REDACTED]

- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]
[REDACTED]

Schedule 4.1.22(b)
Vendor Sales Tax Registration Numbers



Schedule 4.2.2
Canadian Purchaser Sales Tax Registration Numbers



Schedule 5.5
Non-Assigned Customer Contracts

None