

SHARE PURCHASE AGREEMENT

by and among

the individuals and entities listed on Schedule A

as Sellers

and

Input Capital Corp.

as Buyer,

and

SRG Security Resource Group Inc.

as the Corporation

dated as of December 14, 2020

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SHARE PURCHASE AGREEMENT

THIS AGREEMENT dated as of December 14, 2020 is between:

THE INDIVIDUALS AND ENTITIES listed under the heading “Sellers” in Schedule A,

(the “**Sellers**”)

AND

INPUT CAPITAL CORP., a corporation incorporated under the laws of Saskatchewan,

(the “**Buyer**”)

AND

SRG SECURITY RESOURCE GROUP INC., a corporation incorporated under the laws of Canada,

(the “**Corporation**”)

BACKGROUND

- A. The Sellers legally and beneficially own the Shares and the Options, if any, set forth opposite their names in Schedule A.
- B. The Sellers have agreed to sell and the Buyer has agreed to buy the Shares legally and beneficially owned by the Sellers, any Remaining Shareholders and any Persons that acquire Shares after the date of this Agreement pursuant to the exercise of Options (the “**Purchased Shares**”) on the terms and conditions contained in this Agreement.
- C. The Purchased Shares shall constitute all of the Shares and there shall be no Options or other securities convertible into Shares outstanding as of the Closing Time.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which each Party acknowledges, the Parties agree as follows:

PART 1 INTERPRETATION

1.1 Defined Terms. In this Agreement, including the recitals hereto, the following terms have the following meanings:

- (a) “**Act**” means the *Income Tax Act* (Canada);
- (b) “**Affiliate**” in respect of a Person means any other Person that, directly or indirectly, Controls, is Controlled by, or is under common Control with, such first Person;

- (c) **“Agreement”** means this share purchase agreement and all schedules hereto whether attached or incorporated by reference, in each case as supplemented, amended, restated or replaced from time to time by a written agreement signed by the Parties;
- (d) **“Applicable Laws”** means, with respect to any Person, laws (including common law), statutes, by-laws, rules, regulations, orders, ordinances, codes, treaties, decrees, judgments, awards or requirements, in each case of a Governmental Authority having the force of law and applicable to such Person and such Person’s assets or property;
- (e) **“Articles”** means the articles of incorporation of the Corporation dated June 28, 2007 and all amendments thereto;
- (f) **“ASPE”** means Canadian accounting standards for private enterprises from time to time approved by the Chartered Professional Accountants Canada, or any successor institute, and set out in the CPA Canada Handbook;
- (g) **“Assets”** means all property and assets of the Corporation used in the Business of any nature, whether real or personal, tangible or intangible, corporeal or incorporeal, and includes any interest in any property and assets;
- (h) **“Balance Sheet Date”** means July 31, 2020;
- (i) **“Business”** has the meaning specified in Section 3.2(f);
- (j) **“Business Day”** means any day which is not a Saturday, Sunday or a statutory holiday in Regina, Saskatchewan;
- (k) **“Buyer Shares”** means common shares in the capital of the Buyer;
- (l) **“Buyer’s Losses”** has the meaning specified in Section 7.2;
- (m) **“Buyer Material Adverse Change”** means any transaction, event, condition, change, circumstance or effect that is, or is reasonably likely to be or become, materially adverse to the business, assets, condition (financial or otherwise), capitalization, liabilities, results of the operations of the Buyer or future prospects of the Buyer, but excluding any transaction, event, condition, change, circumstance or effect to the extent that it arises from: (i) changes to financial markets or general economic or political conditions; (ii) any changes generally affecting the industry in which the Buyer participates or the markets in which it operates (so long as the Buyer is not disproportionately affected thereby relative to other participants in the same industry and the same locale(s) as the Buyer); (iii) terrorist activities, hostilities or acts of war; (vii) any change in Applicable Law or International Financial Reporting Standards, but in each case so long as the Buyer is not disproportionately affected thereby relative to other participants in the same industry and the same locale(s) as the Buyer;
- (n) **“CASL”** means an *Act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act (Canada)*;
- (o) **“Closing”** has the meaning specified in Section 9.1;
- (p) **“Closing Balance Sheet”** has the meaning specified in Section 2.5(b);

- (q) **"Closing Date"** has the meaning specified in Section 9.1;
- (r) **"Closing Debt"** means Debt as at Closing, excluding any Debt that forms part of Current Liabilities;
- (s) **"Closing Document"** means any agreement, certificate or instrument (in addition to this Agreement) to be executed by a Party or any Remaining Shareholders or holders of Options as contemplated in this Agreement;
- (t) **"Closing Statement"** has the meaning specified in Section 2.2;
- (u) **"Closing Time"** means 10:00 a.m. (Regina time) on the Closing Date;
- (v) **"Closing Working Capital"** has the meaning specified in Section 2.5(b);
- (w) **"Commercially Reasonable Efforts"** means the efforts that would be taken by a prudent Person desirous of achieving a result would use in similar circumstances to achieve that result as expeditiously as possible, but do not include actions that would result in a material adverse change in the benefits to such Person of this Agreement or extraordinary measures or measures that would not be reasonable in the circumstances, including the payment of material amounts in excess of normal and usual filing fees and processing fees, except amounts that are due and payable in any event or are for expenses or payments required by Applicable Law;
- (x) **"Confidential Disclosure Letter"** means the confidential disclosure letter from the Corporation to the Buyer and dated the same date as this Agreement.
- (y) **"Contract"** means any agreement, indenture, contract, lease, deed of trust, licence, option, instrument or other commitment, whether written or oral;
- (z) **"Control"** means, with respect to the relationship between two or more Persons, the direct or indirect possession of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting shares, as trustee, personal representative or executor, by Contract, credit arrangement or otherwise, including, without limitation:
 - (i) the right to exercise a majority of the votes which may be cast at a general meeting of a corporation; and
 - (ii) the right to elect or appoint, directly or indirectly, a majority of the directors of a corporation or other Persons who have the right to manage or supervise the management of the affairs and business of the corporation;
- (aa) **"CRA"** means the Canada Revenue Agency;
- (bb) **"Current Assets"** means, at any time in respect of the Corporation, the aggregate amount of cash, accounts receivable, less an allowance for doubtful accounts, amounts receivable under the ETA or similar provincial laws, inventory, deposits or down payments, and prepaid expenses and sundry of the Corporation at such time, in each case as determined in accordance with ASPE applied on a basis consistent with the Financial Statements, but excluding (i) future Tax assets, (ii) any income Taxes that have been prepaid by the Corporation and any income Tax refunds to which the Corporation is entitled, (iii) prepayments incurred in connection with the transactions contemplated in this Agreement and (iv) advances to related parties;

- (cc) **“Current Liabilities”** means, at any time in respect of the Corporation, the aggregate amount of the current accounts payable and current liabilities of the Corporation as at such time, in each case as determined in accordance with ASPE applied on a basis consistent with the Financial Statements, including the following: (i) accounts payable and accrued liabilities; (ii) unearned revenue and unearned deposits; (iii) government remittances payable; (iv) Taxes payable under the ETA or similar provincial laws; and (v) any accrued employee compensation, including bonuses, commissions, vacation pay and similar compensation; but excluding Taxes due with respect to periods after the Closing Date;
- (dd) **“Damages”** means, in respect of any matter, all claims, demands, proceedings, losses, damages, liabilities, fees, deficiencies, fines, diminution in value, costs and expenses (including all legal and other professional fees and disbursements, interest, penalties and amounts paid in settlement) and judgments arising directly or indirectly as a consequence of such matter;
- (ee) **“Data Security Requirements”** means, collectively, all of the following to the extent relating to Data Treatment or otherwise relating to privacy, security, or security breach notification requirements and applicable to the Corporation or to any of its computer systems, including software, owned, licensed or leased by the Corporation in the conduct of its Business as currently carried on by it;
- (ff) **“Data Treatment”** means the access, collection, use, processing, storage, sharing, distribution, transfer, disclosure, security, destruction, or disposal of any personal or confidential information or data (whether in electronic or any other form or medium);
- (gg) **“Debt”** means, in respect of the Corporation at any time (determined, in the case of any calculation of the amount thereof, without duplication), (i) all indebtedness of the Corporation for borrowed money and any other indebtedness of the Corporation which is evidenced by a note, bond, debenture or similar instrument at such time, (ii) all obligations of the Corporation for the deferred purchase price of property or services (other than current trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices), (iii) all obligations of the Corporation in respect of acceptances issued or created for the account of the Corporation at such time, (iv) all obligations of the Corporation as an account party in respect of amounts drawn under outstanding letters of credit at such time, (v) all obligations of the Corporation in respect of advances made by related parties to the Corporation at such time, and (vi) income Taxes payable by the Corporation at such time;
- (hh) **“Employee Benefit Plan”** means any retirement, pension, bonus, stock, purchase, profit sharing, stock option, deferred compensation, change of control, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or other employee compensation or benefit plan, arrangement, policy, program or practice (whether provided on a pre- or post-retirement basis), and whether oral or written, formal or informal, funded or unfunded, registered or unregistered, insured or uninsured, which is maintained or otherwise contributed to or required to be contributed to, by the Corporation for the benefit of any present or former employees, officers, directors or consultants of the Corporation;
- (ii) **“Encumbrance”** means any lien, claim, charge, pledge, hypothecation, security interest, mortgage, title retention agreement, declaration of trust, right of set-off, option, adverse claim, reservation, right of first offer or refusal or similar right, restriction on voting (in the case of any voting or equity interest), right of pre-emption or privilege or other encumbrance of any kind or any Contract to create any of the foregoing;
- (jj) **“Escrow Agent”** means McKercher LLP, or such other agent as may be appointed from time to time pursuant to the terms of the Escrow Agreement;

- (kk) **“Escrow Agreement”** means an escrow agreement to be entered into among the Parties hereto and McKercher LLP as initial escrow agent;
- (ll) **“Escrow Funds”** has the meaning specified in Section 2.3(b);
- (mm) **“Estimated Cash Purchase Price”** has the meaning specified in Section 2.2;
- (nn) **“Estimated Closing Working Capital”** means the Working Capital of the Corporation as at the Closing Date, as estimated in the Closing Statement;
- (oo) **“ETA”** means Part IX of the *Excise Tax Act* (Canada);
- (pp) **“Exchange”** means the TSX Venture Exchange.
- (qq) **“Exchange Approval”** means the conditional and final approval of the Exchange, approving the transactions contemplated hereby, including the issuance and listing of the Buyer Shares to the Sellers pursuant to the terms hereof.
- (rr) **“Financial Records”** means the books of account and other financial data and information of the Corporation, and includes all records, data and information stored electronically, digitally or on computer-related media;
- (ss) **“Financial Statements”** means the financial statements of the Corporation prepared in accordance with ASPE for the fiscal years ended July 31, 2018, July 31, 2019 and July 31, 2020, consisting of a balance sheet, statement of earnings, statement of retained earnings and statement of cash flow including the notes to such financial statements;
- (tt) **“Governmental Authority”** means any domestic or foreign (i) government (whether federal, territorial, provincial, state, municipal or local), (ii) governmental or quasi-governmental authority of any nature, including any governmental ministry, agency, branch, department, board, bureau, instrumentality, court, self-regulatory organization, commission, tribunal or organization or any agent, subdivision, department or branch of any of the foregoing, or (iii) body, including any self-governing or certification body to which the Corporation applies or has applied for any certificate or certification, administrative, executive, judicial, legislative, regulatory or taxing authority or power of any nature;
- (uu) **“Indemnified Party”** means a Person whom the Sellers or the Buyer, as the case may be, are required to indemnify under Part 7;
- (vv) **“Indemnifying Party”** means, in relation to an Indemnified Party, the party to this Agreement that is required to indemnify such Indemnified Party under Part 7;
- (ww) **“Independent Accounting Firm”** has the meaning specified in Section 2.5(d);
- (xx) **“Intellectual Property Rights”** means any patents, trade marks, service marks, industrial designs, utility models, design patents, petty patents, copyright (including copyright in computer software), database rights, circuit topography rights, mask works, inventions, trade secrets, confidential information, technology, formulae, research data, know-how, business or trade names (including internet domain names and e-mail address names and all social media handles) and all other intellectual and industrial property and rights of a similar or corresponding nature in any part of the world and all goodwill in connection therewith, including the right to apply for, and all applications for, any of the foregoing rights and the right to sue for any past or present infringements of any of the foregoing rights;

- (yy) **“Joinder Agreement”** means the agreement by the Shareholders of the Corporation (including any Person that exercises an Option prior to Closing) to become a Party to this Agreement;
- (zz) **“Knowledge of the Corporation”** means the actual knowledge of [REDACTED] as of the date of this Agreement, in each case, after making diligent inquiry of other responsible officers and employees of the Corporation, as reasonably necessary to inform themselves as to the relevant matters;
- (aaa) **“Knowledge of the Seller”** means the actual knowledge of the applicable Seller, or if an entity, the most senior officer of the applicable Seller, in each case, after making diligent inquiry of other responsible officers and employees of the Seller, as reasonably necessary to inform themselves as to the relevant matters;
- (bbb) **“Leased Real Property”** means premises which are used by the Corporation which are leased, subleased, licensed or otherwise occupied by the Corporation and the interest of the Corporation in all plants, buildings, structures, fixtures, erections, improvements, easements, rights-of-way, and other appurtenances situate on or forming part of such premises;
- (ccc) **“Legal Proceeding”** means any litigation, action, application, suit, investigation, hearing, claim, deemed complaint, grievance, civil, administrative, regulatory or criminal proceeding, arbitration proceeding or other similar proceeding, before or by any court, tribunal or Governmental Authority, and includes any appeal or review thereof and any application for leave for appeal or review;
- (ddd) **“Material Adverse Change”** means any transaction, event, condition, change, circumstance or effect that is, or is reasonably likely to be or become, materially adverse to the Business, Assets, condition (financial or otherwise), capitalization, liabilities, results of the operations of the Corporation or future prospects of the Corporation, but excluding any transaction, event, condition, change, circumstance or effect to the extent that it arises from: (i) changes to financial markets or general economic or political conditions; (ii) any changes generally affecting the industry in which the Corporation participates or the markets in which it operates (so long as the Corporation is not disproportionately affected thereby relative to other participants in the same industry and the same locale(s) as the Corporation); (iii) terrorist activities, hostilities or acts of war; (vii) any change in Applicable Law or ASPE, but in each case so long as the Corporation is not disproportionately affected thereby relative to other participants in the same industry and the same locale(s) as the Corporation;
- (eee) **“Material Contract”** means any material Contract to which the Corporation is a party or by which the Corporation is bound and, without limiting the generality of the foregoing, any Contracts of the following types are “material” for purposes of this Agreement:
 - (i) any distributor, advertising, agency or manufacturer’s representative Contract;
 - (ii) any purchase order or Contract for the sale, supply or provision of materials, supplies, equipment or services by the Corporation involving more than [REDACTED] in respect of any one such Contract or any particular customer;
 - (iii) any purchase order or Contract for the sale, supply or provision of materials, supplies, equipment or services to the Corporation involving more than [REDACTED] in respect of any one such Contract or any particular supplier;

- (iv) any continuing Contract that involves the sale or delivery of materials, supplies, equipment or services by the Corporation at a price that could reasonably be regarded as below the prevailing market rate or at a price that could reasonably be expected to result in a loss to the Corporation;
 - (v) any collective bargaining agreement or other Contract with any labour union;
 - (vi) any employment or consulting Contract or any other Contract with any officer, employee or consultant other than Contracts of indeterminate term terminable by the employer without cause on reasonable notice;
 - (vii) any Employee Benefit Plan;
 - (viii) any trust indenture, hypothec, mortgage, promissory note, loan agreement, guarantee or other Contract for the borrowing of money or a leasing transaction of the type required to be capitalized in accordance with ASPE;
 - (ix) any commitment to make charitable contributions;
 - (x) any Contract for capital expenditures in excess of ██████████ in the aggregate;
 - (xi) any Contract for the sale of any Assets;
 - (xii) any Contract pursuant to which the Corporation is a lessor of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property and under which the Corporation is required to make payments in excess of ██████████ over the remaining term;
 - (xiii) any confidentiality, secrecy, non-disclosure or non-competition Contract or similar Contract (whether the Corporation is a beneficiary or obligor thereunder);
 - (xiv) any licence, franchise or other agreement that relates in whole or in part to Intellectual Property;
 - (xv) any Contract that expires, or may expire, more than one year after the date of this Agreement;
 - (xvi) any power of attorney relating to the Business in favour of any Person;
 - (xvii) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any other similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or indebtedness of any other Person, except for cheques endorsed for collection in the ordinary course of the Business; or
 - (xviii) any Contract entered into by the Corporation other than in the ordinary course of the Business;
- (fff) **“Notice of Claim”** has the meaning specified in Section 7.7;
- (ggg) **“Objection Notice”** has the meaning specified in Section 2.5(c);
- (hhh) **“Objection Period”** has the meaning specified in Section 2.5(c);
- (iii) **“Option”** means any outstanding option to purchase a Share;

- (jjj) **“Option Plan”** means the stock option plan of the Corporation in effect on the date of this Agreement provided by the Sellers to the Buyer;
- (kkk) **“Outside Date”** means May 31, 2021, or such later date as may be agreed in writing among the Parties;
- (lll) **“Party”** means any party to this Agreement;
- (mmm) **“Permit”** has the meaning specified in Section 3.2(c);
- (nnn) **“Permitted Encumbrances”** means:
 - (i) inchoate liens for Taxes, assessments and governmental charges not yet due and liens for Taxes, assessments and governmental charges due, which are being contested in good faith and diligently by appropriate proceedings and in respect of which provision for the related monetary obligation has been made in the Financial Statements;
 - (ii) assignments of insurance provided to landlords (or their mortgagees) pursuant to the terms of any lease and liens or rights reserved in any lease for rent or for compliance with the terms of such lease;
 - (iii) security given in the ordinary course of the Business to any public utility, municipality or Governmental Authority, other than security for borrowed money;
 - (iv) in respect of real property, statutory or regulatory exceptions and restrictions to title which do not materially detract from the value of the real property concerned or materially impair its use in the operation of the Business;
 - (v) in respect of real property, servitudes, easements, restrictions, rights-of-way and other similar rights or any interest therein, provided the same are not of such nature as to materially adversely affect the use or value of the property subject thereto;
 - (vi) the reservations, limitations, provisos and conditions expressed in any original grants from the Crown of any real property or interest therein; and
 - (vii) liens of carriers, warehousemen, builders and materialmen incurred in the ordinary course of business for amounts not yet due and payable.
- (ooo) **“Person”** means an individual, legal personal representative, corporation, body corporate, firm, partnership, trust, trustee, syndicate, joint venture, limited liability company, association, unincorporated organization, union, Governmental Authority or other entity or organization;
- (ppp) **“Pro Rata Portion”** means, in respect of each Seller, the percentage set forth opposite such Seller’s name in column 6 of Schedule A;
- (qqq) **“Proposed Transaction”** has the meaning specified in Section 10.2;
- (rrr) **“Purchase Price”** has the meaning specified in Section 2.3;
- (sss) **“Purchased Shares”** has the meaning specified in the recitals;
- (ttt) **“Real Property Lease”** has the meaning specified in Section 3.2(x)(i);

- (uuu) **“Remaining Shareholders”** has the meaning specified in Section 6.5;
- (vvv) **“Required Consents”** means any consents and approvals listed in Section 3.2(c) of the Confidential Disclosure Letter;
- (www) **“Seller Representative”** has the meaning specified in Section 10.15;
- (xxx) **“Sellers”** means the individuals and entities listed in Schedule A and, for greater certainty, includes each shareholder of the Corporation that is (i) a signatory to this Agreement, or (ii) a signatory to a Joinder Agreement;
- (yyy) **“Sellers’ Losses”** has the meaning specified in Section 7.3;
- (zzz) **“Share”** means any share in the capital of the Corporation;
- (aaaa) **“Statutory Plans”** means statutory benefit plans that the Corporation is required to participate in or comply with, including the Canada Pension Plan and plans administered pursuant to applicable health Tax, workplace safety insurance and employment insurance legislation;
- (bbbb) **“Straddle Period”** means any taxable period which begins before the Closing Date and ends after the Closing Date;
- (cccc) **“Straddle Period Return”** means a Tax Return for a Straddle Period;
- (dddd) **“Tax Return”** means any return (including any information return), report, statement, schedule, notice, form, declaration, claim for refund, amended return, election or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any legal requirement relating to any Tax;
- (eeee) **“Taxes”** means (i) any federal, provincial, territorial, state or local income, goods and services, harmonized sales, value added, corporation, land transfer, licence, payroll, excise, escheat, unclaimed property, sales, use, capital, withholding or other tax, levy, duty, assessment, reassessment or other charge of any kind whatsoever (including any other contributions and employee payments for profit sharing), whether direct or indirect, including any interest and penalty or other addition to or on any of the foregoing, whether disputed or not, imposed by a Governmental Authority, and for greater certainty includes Canada Pension Plan and employment insurance premiums and (ii) any liability for the payment of any amounts described in clause (i) for or to any other Person as a result of being a member of an affiliated, consolidated or combined group, or as a transferee or successor, by contract, or otherwise, including as a result of an express or implied obligation to indemnify any other person with respect to the payment of any amounts described in clause (i);
- (ffff) **“Third Party Claim”** has the meaning specified in Section 7.7;
- (gggg) **“Working Capital”** means, at any time, Current Assets minus Current Liabilities at such time, using the same accounting methods, policies, practices and procedures, with consistent classifications, judgments and estimation methodology, applied consistently with the Corporations’ past practices as used in the preparation of the Financial Statements; and
- (hhhh) **“Working Capital Statement”** has the meaning specified in Section 2.5(b).

1.2 Interpretation. In this Agreement, except as otherwise expressly provided:

- (a) the terms “Agreement”, “this Agreement”, “the Agreement”, “hereto”, “hereof”, “herein”, “hereby”, “hereunder” and similar expressions refer to this Agreement in its entirety and not to any particular provision hereof;
- (b) the headings to the parts, sections, paragraphs, and schedules of this Agreement are inserted for convenience only and will not affect the interpretation of this Agreement;
- (c) any reference to a part, section, paragraph, exhibit or schedule is to the relevant part, section, paragraph, exhibit or schedule of this Agreement;
- (d) words of one gender include all genders, and words in the singular include the plural and vice versa;
- (e) the word “including” is deemed to mean including without limitation;
- (f) all dollar amounts refer to Canadian dollars;
- (g) all references herein to any period of days mean the relevant number of calendar days unless otherwise specified;
- (h) any time period within which a payment is to be made or other action is to be taken under this Agreement shall be calculated excluding the day on which the period commences and including the day on which the period ends;
- (i) whenever any payment is required to be made, action is required to be taken or period of time is to expire on a day other than a Business Day, such payment shall be made, actions shall be taken or period shall expire on the next following Business Day;
- (j) any reference to a statute includes and is a reference to such statute, and to the regulations made pursuant to it, as amended and in force from time to time, and to any statute or regulations that may be passed which have the effect of supplementing or superseding such statute or regulations; and
- (k) any references to any agreement, document or instrument mean such agreement, document or instrument as amended, supplemented, modified, varied or replaced from time to time in accordance with the terms thereof and, unless otherwise specified therein, includes all schedules and exhibits attached thereto.

1.3 Preparation of Agreement. The Parties acknowledge and agree that each has negotiated and reviewed the terms of this Agreement, assisted by such legal and Tax counsel as they desired, and has contributed to its final form. The Parties further agree that the rule of construction that any ambiguities are resolved against the drafting party will be subordinated to the principle that the terms and provisions of this Agreement will be construed fairly as to all Parties and not in favor of or against any party.

1.4 Schedules. The following are the Schedules attached to and incorporated into this Agreement by reference and each of them forms part of this Agreement:

Schedule A - Sellers/Shares

PART 2 SALE AND PURCHASE

2.1 Agreement to Sell and Purchase. The Buyer hereby offers to purchase all of the issued and outstanding Shares from each Person that is currently a shareholder of the Corporation or that becomes a shareholder of the Corporation pursuant to the exercise of an Option prior to the Closing Time, on the terms and subject to the conditions set forth in this Agreement. Each Seller agrees to sell, free and clear of all Encumbrances, and the Buyer agrees to purchase, the Shares set out opposite such Seller's name in Schedule A, on the terms and conditions contained in this Agreement.

2.2 Closing Statement. The Seller Representative shall deliver to the Buyer not less than five Business Days prior to the Closing Date a statement (the "**Closing Statement**") of Estimated Closing Working Capital. The portion of the Purchase Price payable at the Closing Time pursuant to Section 2.3(a) (the "**Estimated Cash Purchase Price**") shall be equal to \$9,700,000 adjusted as follows:

- (a) if the Estimated Closing Working Capital is greater than zero (\$0.00), the Estimated Cash Purchase Price shall be increased by the amount of the Estimated Closing Working Capital; and
- (b) if the Estimated Closing Working Capital is less than the zero (\$0.00), the Estimated Cash Purchase Price shall be decreased by the amount of the Estimated Closing Working Capital (expressed as a positive number).

All adjustments under this Section 2.2 shall be made to the cash portion of Purchase Consideration and, for clarity, no adjustments shall be made to the aggregate Buyer Shares issued as Purchase Consideration hereunder.

2.3 Purchase Price. The total purchase price payable by the Buyer for the Purchased Shares will be the sum of \$19,900,000, plus or minus any amount required to be paid pursuant to Section 2.5(f), if any (the "**Purchase Price**"), payable as follows:

- (a) an amount equal to the Estimated Cash Purchase Price will be paid on the Closing Date by wire transfer of immediately available funds to McKercher LLP in trust to be allocated and paid as set forth in Section 2.4;
- (b) \$250,000 (the "**Escrow Funds**") will be delivered to the Escrow Agent to be held and paid in accordance with the Escrow Agreement; and
- (c) an aggregate of 8,883,930 Buyer Shares will be issued to Sellers in their respective Pro Rata Portions (rounded to eliminate any fractional share) and will be delivered to the Escrow Agent to be held and released in accordance with Section 5.9,

(collectively, the "**Purchase Consideration**").

2.4 Allocation of Purchase Price. The Purchase Consideration will be allocated among the Sellers in accordance with their respective Pro Rata Portions; provided that Buyer Shares shall be rounded up to the nearest whole number in the case of fractions equal to or greater than 0.5 and rounded down to the nearest whole number in the case of fractions less than 0.5 to eliminate the issuance of any fractional Buyer Share.

2.5 Purchase Price Adjustment.

- (a) The Purchase Price has been determined on the basis that (i) on the Closing Date, that the Corporation will have no Closing Debt, and (ii) the Purchased Shares shall constitute

all of the Shares and there shall be no Options or other securities convertible into or exercisable or exchangeable for Shares outstanding as of the Closing Time.

- (b) The Buyer will cause the Corporation to prepare and deliver to the Seller Representative within 30 days after the Closing Date: (i) an unaudited balance sheet of the Corporation as of the Closing Date (the "**Closing Balance Sheet**") prepared in accordance with ASPE applied consistently with the Corporation's past practices, as used in the preparation of the Financial Statements; and (ii) a statement setting forth the Working Capital of the Corporation as of the Closing Date (the "**Closing Working Capital**") determined by reference to the Closing Balance Sheet (the "**Working Capital Statement**").
- (c) On or prior to the 5th Business Day after the Seller Representative's receipt of the Closing Balance Sheet and the Working Capital Statement (such 5 Business Day period, the "**Objection Period**"), the Seller Representative may give the Buyer a written notice (the "**Objection Notice**") stating in reasonable detail the objections of the Seller Representative, if any, to the Closing Balance Sheet and/or the Working Capital Statement. Any Objection Notice will specify in reasonable detail the dollar amount and nature of any objection and the basis therefor. Except to the extent that the Seller Representative makes a specific objection to a specific determination set forth on the Closing Balance Sheet and/or the Working Capital Statement pursuant to the Objection Notice delivered to the Buyer within the Objection Period, the Closing Balance Sheet and/or the Working Capital Statement will be conclusive and binding upon the Parties for purposes of determining the adjustment in subsection 2.5(f) below.
- (d) If the Seller Representative delivers a timely Objection Notice as described in subsection (c) above, then the Seller Representative and the Buyer will negotiate in good faith to resolve any dispute regarding the Closing Balance Sheet and/or the Working Capital Statement. If the Seller Representative and the Buyer are unable to resolve all disputes regarding the Closing Balance Sheet and/or the Working Capital Statement on or prior to the 5th Business Day after the Buyer's receipt of the Objection Notice, then the Seller Representative and the Buyer will retain an independent national firm of chartered accountants, which firm is not the regular auditing firm of the Buyer or the Corporation (the "**Independent Accounting Firm**"). The Parties agree that MNP LLP will serve as the initial Independent Accounting Firm. If MNP LLP is unable to act, then the Buyer and the Seller Representative will select an Independent Accounting Firm within 3 days from the date MNP LLP indicates it cannot act. If the Buyer and the Seller Representative are unable to jointly select such Independent Accounting Firm within such 3-day period, the Buyer, on the one hand, and the Seller Representative, on the other hand, will each select an independent accounting firm of recognized national standing in Canada and such selected accounting firms will select to be the Independent Accounting Firm a third independent accounting firm of recognized national standing in Canada, which firm is not the regular auditing firm of the Buyer or the Corporation, provided that if either the Buyer, on the one hand, or the Seller Representative, on the other hand, fails to select its independent accounting firm during this 3-day period, then the Parties agree that the independent accounting firm selected by the other Party will be the Independent Accounting Firm selected by the Parties.
- (e) The Independent Accounting Firm shall be instructed to resolve the dispute as soon as practicable, and in any event within 10 Business Days of its appointment. The Independent Accounting Firm will act as an expert, and not as an arbitrator, to determine, based solely on the written submissions of the Parties and not by independent investigation, only the specific items under dispute by the Parties. The Independent Accounting Firm will render a written report as to the resolution of the dispute and the resulting computation of the Closing Working Capital. The Closing Working Capital as determined by the Independent Accounting Firm, will, absent manifest error, be conclusive and binding upon the Parties and will constitute the Closing Working Capital for all purposes hereunder. The professional

fees of the Independent Accounting Firm will be paid by the Party (either the Buyer or the Seller Representative on behalf of all the Sellers) whose claim is not successful as compared to the other Party in relation to the disputed items as determined by the Independent Accounting Firm regardless of the degree of success of such claim.

- (f) If:
- (i) the Closing Working Capital exceeds the Estimated Closing Working Capital, the Buyer will be required to pay to the Seller Representative (for payment to the Sellers) the amount of such excess by way of a cash payment; and
 - (ii) the Closing Working Capital is less than the Estimated Closing Working Capital, the Escrow Agent, for and on behalf of the Sellers, shall be required to pay to the Buyer from the Escrow Funds the amount of the shortfall, expressed as a positive number.

In the event that Subsection 2.5(f)(i) applies, then the Buyer shall make a cash payment in the amount of such difference, expressed as a positive number, to the Escrow Agent in trust to be allocated and paid to the Sellers based on their respective Pro Rata Portions. In the event Subsection 2.5(f)(ii) applies, then the Escrow Agent shall pay the amount of such difference, expressed as a positive number, to the Buyer from the Escrow Funds. If the Escrow Funds are insufficient to cover the payment required to be made pursuant to Subsection 2.5(f)(ii), then each Seller shall pay to the Buyer such Seller's Pro Rata Portion of such shortfall. Any payment made pursuant to this Section 2.5(f) will be made within 10 days of the final determination of the Closing Working Capital and will be deemed to be an adjustment to the Purchase Price. All Purchase Price adjustments shall be made by way of cash payment and, for clarity, no adjustments shall be made to the aggregate Buyer Shares issued as Purchase Consideration hereunder. Any payment by or on behalf of the Sellers made pursuant to Section 2.5(f) will not be subject to any maximum liability or *de minimus* threshold.

- (g) For purposes of complying with the terms set forth herein, each Party will cooperate with and promptly make available to the other Parties and their auditors and representatives all information, records, data and supporting papers reasonably relevant to the preparation of the Closing Balance Sheet, the Working Capital Statement, the Objection Notice and any adjustment thereto being disputed and the resolution of any disputes thereunder. The Buyer will cause the Corporation to permit the Seller Representative and its representatives access to the Corporation's books and records, facilities and personnel, as may be reasonably required (upon reasonable advance notice) in connection with the Seller Representative's analysis of the Closing Balance Sheet and its preparation of any Objection Notice and any adjustment thereto being disputed and the resolution of any disputes thereunder.

PART 3 SELLERS' AND CORPORATION'S REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Sellers. In order to induce the Buyer to enter into and consummate this Agreement, each Seller represents and warrants to the Buyer that the following statements are true and correct (provided that each Seller makes such representations severally, and not jointly and severally, and only in respect of itself and the Shares that such Seller legally or beneficially owns, directly or indirectly, or over which such Seller exercises control or direction). Each Seller shall be deemed to certify to the Buyer on the Closing Date the matters set forth in Section 6.1(a) with respect to such Seller.

- (a) **Individual Sellers.** Each Seller that is an individual has the capacity to own the Shares set forth opposite such Seller's name in Schedule A and to enter into, execute, deliver and

perform such Seller's obligations under this Agreement and the Closing Documents to which such Seller is a party and to complete the transactions contemplated herein.

- (b) **Corporate Sellers.** Each Seller that is a corporation:
- (i) is a corporation duly incorporated and validly existing under the laws of the jurisdiction in which it carries on business;
 - (ii) has the capacity and authority to own the Shares set forth opposite its name in Schedule A and to enter into, execute, deliver and perform its obligations under this Agreement and the Closing Documents to which it is a party and to complete the transactions contemplated hereby; and
 - (iii) has taken all action necessary to authorize the execution and delivery of, and the observance and performance of its covenants and obligations under, this Agreement and the Closing Documents to which it is a party.
- (c) **Execution, Delivery and Enforceability.** This Agreement has been, and each Closing Document to which each Seller is a party will on Closing be, duly executed and delivered by the Seller, and this Agreement constitutes, and each Closing Document to which a Seller is a party will on Closing constitute, a valid and binding obligation of the Seller enforceable against such Seller in accordance with its terms, except to the extent to which such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights, and by general principles of equity.
- (d) **Title to Shares.**
- (i) Each Seller is the registered and beneficial owner of the Shares listed opposite such Seller's name in Schedule A, and on Closing such Seller will transfer good and marketable title to all of such Shares to the Buyer, free and clear of all Encumbrances.
 - (ii) The only securities of the Corporation legally or beneficially owned, directly or indirectly, or over which control or direction is exercised, by the Seller are those listed opposite such Seller's name in Schedule A.
- (e) **Non-Contravention.** The sale of the Shares and the performance of this Agreement will not:
- (i) conflict with, or result in the breach of, or constitute a default under, any agreement, arrangement or instrument to which the Seller is party or the constating documents of the Seller, or any Encumbrance, lease, Contract, order, judgment, regulation or other restriction or obligation of any kind by which the Seller or any of its Assets is bound;
 - (ii) contravene or conflict with any Applicable Laws; or
 - (iii) result in the creation, imposition or enforcement of any Encumbrance on or over any of the Shares.
- (f) **No Other Agreement.** No Person other than the Buyer has or, as of the Closing will have, any written or oral agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, including convertible securities, warrants or convertible obligations of any nature, for the purchase, subscription,

allotment, issuance, acquisition or transfer from the Seller of any of the Shares set forth opposite the Seller's name in Schedule A or any other securities of the Corporation or any interest therein or right thereto.

- (g) **Consents.** None of the execution and delivery by the Seller of this Agreement or the completion or performance of the transactions contemplated by this Agreement will (i) require the consent or approval of any party to, any Contract to or by which the Seller is a party or by which the Seller or any of the Seller's property or assets are bound; or (ii) result in a breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of, any obligation of the Seller under (A) the constating documents or by-laws or resolutions of the board of directors (or any committee thereof) or shareholders of the Seller, if the Seller is a corporation; (B) any license, undertaking, indenture, permit, approval, consent, waiver, certificate, registration or similar authorization of any Governmental Authority; (C) any agreement or instrument to which the Seller is a party or by which the Seller or any of the Seller's property or assets are bound; (D) any judgment, decree, order or award of any Governmental Authority; or (E) any Applicable Laws.
- (h) **Legal Proceedings.** There are no Legal Proceedings in progress or pending before any Governmental Authority or, to the Knowledge of the Seller, threatened against or relating to the Seller or its Affiliates, nor to the Knowledge of the Seller, is there any factual or legal basis upon which such Legal Proceeding might be commenced with any reasonable likelihood of success, and there is no judgment, decree, injunction, rule or order outstanding against or affecting the Seller, that would adversely affect in any manner the ability of the Seller to enter into this Agreement or to fulfil its obligations or arising from this Agreement or to sell the Shares held by the Seller pursuant to this Agreement or that affects the title of the Seller to any of such Shares.
- (i) **Canadian Residence.** The Seller is not a "non-resident" of Canada within the meaning of section 116 of the Act (or, in the case of a Seller that is a partnership, it is a "Canadian partnership") within the meaning of the Act and such Seller's Shares do not constitute "taxable Canadian property" within the meaning of the Act.

3.2 Representations and Warranties of the Corporation. The Corporation represents and warrants to the Buyer that the following statements set out in the Section 3.2 are true and correct:

- (a) **Corporate Matters; No Subsidiaries.** The Corporation is a corporation duly incorporated, validly existing and in good standing under the laws of Canada. Neither the nature of the Business nor the location or character of the Assets of the Corporation requires that the Corporation be registered in any jurisdiction other than Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. The Corporation does not own, or have any interest in any shares or have securities, or another ownership interest, in any other Person.
- (b) **Authorized and Issued Capital.** The authorized and issued share capital of the Corporation is set out Section 3.2(b) of the Confidential Disclosure Letter. The Purchased Shares have been duly authorized and validly issued and are fully-paid and non-assessable. Except for the Options, a true and complete list of which are set forth in Section 3.2(b) of the Confidential Disclosure Letter and all of which will be cancelled or exercised on or before Closing, no Person other than the Buyer has any Contract, warrant, right, privilege or any other right, commitment or arrangement of any character capable of becoming any of the foregoing (whether legal, equitable, contractual or otherwise) for the purchase, subscription or issuance of any shares in any of the Corporation or any securities convertible into Shares. Other than as provided in the Articles, there are no voting trusts, voting agreements, proxies, shareholder agreements or other similar agreements that may affect the voting or transfer of the Shares.

- (c) **Consents.** Except as disclosed in Section 3.2(c) of the Confidential Disclosure Letter, none of the sale of the Shares, the execution and delivery of this Agreement nor the completion or performance of the transactions contemplated by this Agreement will (i) require the consent or approval of any party to, any Contract to or by which the Corporation is a party or by which the Corporation or any of the Corporation's Assets are bound ("**Required Consents**"); or (ii) result in a breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of, any obligation of the Corporation under (A) the constating documents or by-laws or resolutions of the board of directors (or any committee thereof) or shareholders of the Corporation; (B) any licence, undertaking, indenture, permit, approval, consent, waiver, certificate, certification, registration or similar authorization of any Governmental Authority or any other Person issued or granted to the Corporation (each, a "**Permit**"); (C) any agreement or instrument to which the Corporation is a party or by which the Corporation or any of the Corporation's Assets are bound; (D) any judgment, decree, order or award of any Governmental Authority; or (E) any Applicable Laws.
- (d) **Capacity to Carry on Business.** The Corporation has all necessary powers and qualifications to own or lease its property and assets and to carry on the Business as it is now being operated and carried on and holds all necessary Permits to own the Assets.
- (e) **Permits.** The Corporation has provided a complete and accurate copy of each Permit and all amendments thereto to the Buyer and there is no other licence, undertaking, indenture, permit, approval, consent, waiver, certificate, registration or similar authorization of any Governmental Authority or any other Person necessary to carry on the Business as currently conducted or to own or lease any of the Assets as such Assets are currently owned, leased or used. Each Permit is valid, subsisting and in good standing and the Corporation is not in default or breach of any Permit and, to the knowledge of the Corporation, no proceeding is pending or threatened to revoke or limit any Permit and there is no circumstance that may reasonably result in such a revocation or limitation. None of the Permits require any filing to be made with, any notice to be given to, or any consent or approval of any Governmental Authority in connection with the entering into of this Agreement or the consummation of the transactions contemplated hereby.
- (f) **Business of the Corporation.** The only business operations carried on by the Corporation are (i) physical security services, and (ii) cyber security services (together with all operations, services, products and business incidental thereto, the "**Business**"). Since the Balance Sheet Date, there has not been any significant interruption of operations (being an interruption of more than one day) of the Business for any reason other than holidays, weekends or scheduled planned slowdowns or shutdowns other than in the ordinary course of the Business.
- (g) **Insolvency or Amalgamation.** No proceedings have been taken or authorized by any Person with respect to the bankruptcy, insolvency, liquidation, dissolution or winding-up of the Corporation or with respect to any amalgamation, merger, consolidation, arrangement or reorganization relating to the Corporation.
- (h) **Financial Statements.** The Financial Statements have been prepared in accordance with ASPE, consistently applied with prior periods, are correct and complete and present fairly in all material respects applied on a basis consistent with prior periods, and present fairly the Assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial position of the Corporation as at their respective dates and the sales, earnings and results of operations of the Corporation for the periods covered by the Financial Statements. The Corporation has no liabilities, liquidated or contingent, that are not reflected on the Financial Statements, other than liabilities incurred after July 31, 2020 in the ordinary course of business consistent with past practice of the same type as liabilities reflected in the Financial Statements. The Corporation has provided complete and accurate copies of

the Financial Statements to the Buyer. Since the Balance Sheet Date there has been no Material Adverse Change.

- (i) **Absence of Changes.** Since the Balance Sheet Date, the Corporation has carried on the Business and conducted its operations and affairs only in the ordinary course consistent with past practice and, except as disclosed in Section 3.2(i) of the Confidential Disclosure Letter, there has not been any:
- (i) Material Adverse Change;
 - (ii) damage, destruction or loss (whether or not covered by insurance) affecting the Assets exceeding ██████ in the aggregate;
 - (iii) liabilities, liquidated or contingent, incurred by the Corporation, other than in the ordinary course of business consistent with past practice of the same type as liabilities reflected in the Financial Statements;
 - (iv) payment, discharge or satisfaction of any Encumbrance, liability or obligation of the Corporation (whether absolute, accrued, contingent or otherwise, and whether due or to become due) other than payment of accounts payable and Tax liabilities incurred in the ordinary course of the Business consistent with past practice;
 - (v) issuance or sale by the Corporation, or any Contract entered into by the Corporation for the issuance or sale, of any shares in the capital of or securities convertible into or exercisable for Shares;
 - (vi) labour trouble, strikes, work slow-downs or stoppages adversely affecting the Corporation;
 - (vii) licence, sale, assignment, transfer, disposition, pledge, mortgage or granting of a security interest or other Encumbrance on or over any Assets, other than sales of inventory in the ordinary course of the Business consistent with past practice;
 - (viii) entry into, termination of, or receipt of notice of termination of any licence, distributorship, dealer, sales representative, joint venture, credit or similar agreement;
 - (ix) write-down of the value of any inventory or equipment or any write-off as uncollectible of accounts receivable or any portion thereof of the Corporation in amounts exceeding ██████ in each instance or ██████ in the aggregate;
 - (x) cancellation of Debts or claims owing to, or amendment, termination or waiver of rights of value to, the Corporation in amounts exceeding ██████ in each instance or ██████ in the aggregate;
 - (xi) general increase in the compensation of employees or consultants of the Corporation (including any increase pursuant to any Employee Benefit Plan or commitment), or increase in compensation or bonus payable to any officer, director, employee, consultant or agent of the Corporation having an annual salary or remuneration in excess of ██████ or the execution of any employment, severance or similar Contract with any officer or employee of the Corporation having an annual salary or remuneration in excess of ██████ or the making of any loan to, or engagement in any transaction with, any employee, officer or director of the Corporation;

- (xii) commitments of the Corporation for capital expenditures in excess of ██████ in the aggregate;
 - (xiii) change in the accounting or Tax practices followed by the Corporation;
 - (xiv) change in the depreciation or amortization policies or rates of the Corporation; or
 - (xv) change in the credit terms offered to customers of, or by suppliers to, the Corporation.
- (j) **Non-Arm's Length Transactions.** Since the Balance Sheet Date, the Corporation has not made any payment or loan to or borrowed any monies from, nor has the Corporation been otherwise indebted to, any officer, director, employee, shareholder or any other Person not dealing at arm's length with the Corporation (within the meaning of the Act), except for (i) usual employee reimbursements and compensation paid in the ordinary course of the Business; and (ii) as otherwise disclosed on Section 3.2(j) of the Confidential Disclosure Letter. Except as disclosed in Section 3.2(j) of the Confidential Disclosure Letter and except for Contracts of employment, the Corporation is not a party to, and has not, since the Balance Sheet Date, entered into, any Contract with any officer, director, employee, shareholder or any other Person not dealing at arm's length with the Corporation (within the meaning of the Act). Except as disclosed in Section 3.2(j) of the Confidential Disclosure Letter, no officer, director or shareholder of the Corporation (including any Seller) and no entity which is an Affiliate of one or more of the foregoing:
- (i) owns, directly or indirectly, any interest in (except for shares representing less than one per cent of the outstanding shares of any class or series of any publicly traded company), or is an officer, director, employee or consultant of (a) any Person which is, or is engaged in business as, a competitor of the Business or the Corporation, or (b) a lessor, lessee, supplier, distributor, sales agent of the Business or the Corporation;
 - (ii) owns, directly or indirectly, in whole or in part, any property that the Corporation uses in the operation of the Business; or
 - (iii) has any cause of action or other claim whatsoever against, or owes any amount to, the Corporation in connection with the Business, except for claims in the ordinary course of the Business, such as for wages on a current basis, accrued vacation pay, accrued benefits under the Employee Benefit Plans and reimbursements of ordinary business expenses.
- (k) **Litigation.** There is no Legal Proceeding in progress or pending or, to the Knowledge of the Corporation, threatened against or relating to the Corporation or any of the Assets or title thereto, nor, to the Knowledge of the Corporation, is there any factual or legal basis upon which any such Legal Proceeding might be commenced with any reasonable likelihood of success. There is no judgement, decree, injunction, rule or order of any court or Governmental Authority outstanding against the Corporation or any of the Assets.
- (l) **Guarantees.** The Corporation has not given or made any guarantees, indemnities or contingent or indirect obligations with respect to the liabilities or obligations of any other Person that are in effect.
- (m) **Indebtedness.**
- (i) Except for the payment of salaries and reimbursement for out-of-pocket expenses in the ordinary course of the Business, the Corporation is not indebted to any Seller

or any director, officer or employee of the Corporation or any Affiliate of any of them.

- (ii) Except as disclosed in Section 3.2(m) of the Confidential Disclosure Letter, the Corporation does not have outstanding any bonds, debentures, trust indentures, mortgages, notes, loan agreements or other Debt. Except for Permitted Encumbrances, no Person has been granted a security interest or other Encumbrance on any of the Assets.
 - (iii) Immediately following the Closing, there will not be outstanding any loan, guarantee, pledge or other forms of financial assistance given by the Corporation for the benefit of any other Person, including any Debt.
- (n) **Accounts Receivable.** All accounts receivable reflected on the Financial Statements and any accounts receivable arising after the date thereof: (a) have arisen from bona fide transactions entered into by the Corporation involving the sale of goods or the rendering of services in the ordinary course of the Business consistent with past practice; (b) constitute only valid, undisputed claims of the Corporation not subject to claims of set-off or other defences or counter-claims other than normal cash discounts accrued in the ordinary course consistent with past practice; and (c) subject to a reserve for bad debts shown on the Financial Statements or, with respect to accounts receivable arising after the Balance Sheet Date, on the accounting records of the Corporation, are collectible in full within 45 days after billing. The reserve for bad debts shown on the Financial Statements or, with respect to accounts receivable arising after the Balance Sheet Date, on the accounting records of the Corporation have been determined in accordance with ASPE, consistently applied, subject to normal year-end adjustments and the absence of disclosures normally made in notes to financial statements
- (o) **Books and Records.**
 - (i) The books and records of the Corporation, in all material respects, fairly and correctly set out and disclose in accordance with ASPE the financial position of the Corporation and all financial transactions of the Corporation have been accurately recorded in such books and records.
 - (ii) The minute books of the Corporation and its predecessors are complete in all material respects, reflecting all proceedings of the directors of the Corporation (and any committees thereof) and the shareholders of the Corporation.
- (p) **Bank Accounts and Attorneys.** Section 3.2(p) of the Confidential Disclosure Letter sets forth a complete and accurate list showing the name of each bank, trust company or similar institution in which the Corporation has accounts or safe deposit boxes, the number or designation of each such account and safety deposit box and the names of all Persons authorized to draw thereon or to have access thereto and showing the name of each Person holding a general or special power of attorney from the Corporation with respect thereto and a summary of the terms thereof.
- (q) **Directors and Officers.** Section 3.2(q) of the Confidential Disclosure Letter sets forth the names and titles of all the officers and directors of the Corporation.
- (r) **Shareholders.** Section 3.2(r) of the Confidential Disclosure Letter sets forth the names of each registered Shareholder as recorded in the books and records of the Corporation.
- (s) **Dividends.** Except as described in Section 3.2(p) of the Confidential Disclosure Letter, after the Balance Sheet Date, the Corporation has not directly or indirectly, declared or

paid any dividends or declared or made any other distribution on any of its shares of any class and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its outstanding shares of any class or agreed to do so.

- (t) **Material Contracts.** The Corporation has provided the Buyer with complete list and copies of all Material Contracts. All such Material Contracts are valid and subsisting, in full force and effect, and are enforceable by the Corporation in accordance with their terms, except as limited by Applicable Laws affecting the enforcement of creditors' rights generally, by general equitable principles or by the discretion of any Governmental Authority before which any Legal Proceeding seeking enforcement may be brought. The Corporation is not, and, to the Knowledge of the Corporation, no other party to any Material Contract is, in default under any Material Contract in any material respect, nor has any event occurred which, with the lapse of time or giving of notice or both, would constitute a material default under any Material Agreement by the Corporation.
- (u) **Assets.** The Corporation has good and marketable legal and beneficial title to the Assets, free and clear of any Encumbrances other than Permitted Encumbrances. The Assets owned, licensed or leased by the Corporation constitute all of the Assets used or held for use in connection with the Business and are sufficient to permit the continued operation of the Business in substantially the same manner as currently conducted. The Corporation has provided the Buyer a complete and accurate list of all Assets, including the locations where Assets of the Corporation are located. There is no agreement or other right outstanding in favour of any Person for the purchase from the Corporation of the Business or any of its Assets.
- (v) **Leased Assets.** The Corporation has provided the Buyer with a complete and accurate list of all material details of all personal property (other than office or telephone equipment) in respect of which the Corporation is lessee or licensee and describes the leases, licences, agreements or other documentation relating to them. All such leases, licences, agreements and documentation are valid and subsisting, all rental and other payments or obligations required to be paid or made by the Corporation pursuant to them have been duly paid and the Corporation is not otherwise in default in meeting its obligations under them.
- (w) **No Owned Real Property.** The Corporation is not the legal or beneficial fee simple owner of, and has not owned, any real property.
- (x) **Leased Real Property.**
 - (i) The Corporation has provided the Buyer with a complete and accurate list of the Leased Real Property, including the parties to each lease, their dates of execution and expiry dates, any options to renew, the locations of the leased lands and premises and the rent payable thereunder. The Corporation has made available to the Buyer true and complete copies of each lease or agreement in the nature of a lease in respect of any real property, whether as lessor or lessee (the "**Real Property Leases**") to which the Corporation is a party, and each Real Property Lease is valid and in full force and effect. The Corporation has not owned, leased or occupied any real property, and does not own, lease or occupy any real property, other than the Leased Real Property. The Corporation has the good and valid right to occupy the Leased Real Property.
 - (ii) All payments required to be made by the Corporation pursuant to the Real Property Leases have been paid. Each of the Real Property Leases is in good standing and in full force and effect without amendment thereto, and the Corporation is not in default in meeting any of its obligations under any of the Real Property Leases, and to the Knowledge of the Corporation, no event exists which but for the passage of time or the giving of notice, or both, would constitute a default of the Corporation

under the Real Property Leases and no party to any Real Property Lease has claimed any material default by the Corporation or, to the Knowledge of the Corporation, is taking action purportedly based on such a material default.

- (iii) All buildings, structures, improvements and appurtenances forming part of the Leased Real Property are in good operating condition and in a state of good maintenance and repair and are adequate and suitable for the purposes for which they are currently being used, and the Corporation has adequate rights of ingress and egress for the operation of the Business in the ordinary course. None of such buildings, structures, improvements or appurtenances (or any equipment therein), nor the operation or maintenance thereof, violates any restrictive covenant or any provision of any Applicable Law, or encroaches on any property owned by others.
- (iv) To the Knowledge of the Corporation none of the landlords, sublandlords, tenants, subtenants or other relevant parties under any of the Real Property Leases is in default in meeting any of its obligations under Real Property Leases to which it is a party.
- (v) The Corporation has not waived, or omitted to take any action in respect of, any material rights under any of the Real Property Leases.
- (y) **No Expropriation.** No Asset (or any part of any Asset) and no part of the Leased Real Property has been taken or expropriated by any Governmental Authority, nor has any notice or proceeding in respect thereof been given or commenced, nor to the Knowledge of the Corporation is there any intent or proposal to give any such notice or commence any such proceeding.
- (z) **Inventories.** The inventories of the Corporation, including work-in-progress, do not include any items that are obsolete, below standard quality or of a quality or quantity not useable or saleable in the ordinary course of the Business, except for items the value of which has been written down to net realizable value on the Corporation's books of account on a basis consistent with prior periods. The inventory levels of the Corporation, including work-in-progress, have been maintained at such amounts as are required for the operation of the Business in the ordinary course as currently conducted, and such inventory levels are adequate therefor.
- (aa) **Equipment.** The Corporation has provided the Buyer with a complete and accurate list of all of the material equipment of the Corporation. The equipment of the Corporation listed does not include any items which are obsolete or below a quality not useable in the normal course of the Business, except for items the value of which has been written-down on the books of account of the Corporation to net realizable value, all on a basis consistent with prior periods. For the purposes of this Section 3.2(aa), "material" means having an aggregate net book value in excess of [REDACTED]
- (bb) **Interests in other Businesses.** The Corporation does not, directly or indirectly, own any shares in or other securities of, or have any interest in the assets or business of, any other Person. The Corporation has not, directly or indirectly, owned any shares in or other securities of, or had any interest in the assets or business of, any other Person. The Corporation does not have legal title to or hold as custodian any shares or other securities for the benefit of a third party.
- (cc) **Intellectual Property Rights.** The Corporation has provided the Buyer with a complete and accurate list of all Intellectual Property Rights. The Corporation has provided to the Buyer a complete and accurate copy of all Contracts and amendments thereto which comprise or relate to the Intellectual Property Rights listed. The Intellectual Property Rights comprise all of the Intellectual Property necessary to conduct the Business as currently

conducted. All Intellectual Property Rights used in the operation of the Business are either legally and beneficially owned by the Corporation or are licensed to the Corporation under valid and binding licence agreements and, in each case, are free from any Encumbrance other than Permitted Encumbrances. The Corporation has also provided to the Buyer a complete and accurate copy of all Contracts and amendments thereto which comprise or relate to the Intellectual Property Rights. The Corporation does not own any registrations or pending applications for Intellectual Property Rights other than those listed. The Corporation has not granted to any Person any interest in or right to use all or any portion of the Intellectual Property.

- (dd) **Data Security.** The Corporation is in material compliance with all Data Security Requirements and there have not been any actual or, to the Knowledge of the Corporation, alleged incidents of data security breaches, unauthorized access or use of any of the computer systems, including software, owned, licensed or leased by the Corporation in the conduct of its Business, or any unauthorized acquisition, destruction, damage, disclosure, loss, corruption, alteration, or use of any data or other notices received relating to Data Security Requirements. The Corporation has maintained and currently maintains commercially reasonable security, disaster recovery and business continuity plans, procedures and facilities.
- (ee) **Non-infringement.** The operation of the Business does not infringe the Intellectual Property Rights of any Person and is in accordance with all agreements pursuant to which the Corporation has the right to use or license any third party Intellectual Property Rights. The Corporation has not received notice that any Person has instituted or threatened any proceeding or action against the Corporation alleging any infringement by the Corporation of any Intellectual Property Rights of any Person within the past five years.
- (ff) **Non-infringement by Third Party.** There is no challenge, infringement or other violation of any of the Corporation's Intellectual Property Rights by any third party.
- (gg) **Insurance.** Except for deductible amounts, the Corporation has all of its Assets insured against loss or damage from all insurable hazards or risks on a replacement cost basis. Particulars of all insurance policies maintained by the Corporation by or on behalf of the Corporation on, or covering, the Assets (specifying insurer, amount of coverage, type of insurance, policy numbers and any pending claims thereunder) have been provided by the Corporation to the Buyer. Such insurance policies will continue in force until their scheduled termination date and will not in any way be affected by, or terminate or lapse as a result of, the completion of the transactions contemplated by this Agreement. Complete and accurate copies of the most recent inspection reports, if any, received from insurance underwriters or others as to the condition of the Assets have been provided to the Buyer. The Corporation maintains insurance policies in force against loss on such Assets, against such risks, in such amounts and to such limits as is in accordance with prudent business practices for corporations such as the Corporation, in each case having regard to the location, age and character of its Assets. The Corporation has complied in all material respects with all requirements of such insurance, paid all premiums and promptly given notice of any claim to the relevant insurer. The Corporation does not have any open, pending or outstanding claims under any current or prior insurance policy of the Corporation that has been disputed or denied by the relevant insurer or as to which such insurer has reserved its right. The Corporation has provided to the Buyer complete and accurate copies of each insurance policies.
- (hh) **Applicable Laws.** The Corporation is in material compliance with all Applicable Laws. No event has occurred and no circumstance exists that may constitute or result in (with or without notice or lapse of time) a violation of or a failure to comply in any material respect with any Applicable Laws applicable to the Business or the Corporation, and the Corporation has not received any notice or other communication (whether oral or written)

from any Governmental Authority regarding any actual, alleged, possible or potential violation of, or failure to comply with any Applicable Laws. Without limiting the foregoing, the Corporation is in compliance with the *Personal Information Protection and Electronic Documents Act* (Canada) and any equivalent provincial legislation applicable to the Corporation and the Business (“**Privacy Laws**”) in all material respects. The Corporation has implemented all necessary policies to comply with CASL and has used commercially reasonable efforts to comply in all material respects with the in-force requirements of CASL.

(ii) **Employees.**

(i) **Employees.** Section 3.2(ii)(i) of the Confidential Disclosure Letter contains a complete and up-to-date list of individuals employed by the Corporation as executive officers, vice executive officers, division directors or division senior managers as well as specifying the length of service, job title or classification, level of remuneration,

(ii) **Claims.** There are no complaints, appeals, claims or charges pending or outstanding at any tribunal or agency or, to the Knowledge of the Corporation, threatened, nor are there any orders, decisions, directions or convictions currently registered or outstanding by any tribunal or agency against, or in respect of, the Corporation under or in respect of any Applicable Law or regulations relating to employment, employment practices, workers’ compensation or the protection of the health and safety of employees, except as would not have a material adverse effect on the Business.

(iii) **Collective Agreements.**

(a) Other than as arise in the ordinary course of the Business or as previously disclosed by the Corporation to the Buyer, the Corporation is not a party or bound by, either directly or by operation of Applicable Laws, any collective bargaining agreement, labour contract, letter of understanding, letter of intent, voluntary recognition agreement or legally binding commitment or written communication to any labour union, trade union or employee organization or group which may qualify as a trade union in respect of or affecting the employees of the Corporation. No other collective agreement is currently being negotiated or is currently subject to negotiation or renegotiation by the Corporation with respect to the employees of the Corporation.

(b) There are no existing or, to the Knowledge of the Corporation, threatened labour strikes or labour disputes or grievances involving the employees of the Corporation that individually or in the aggregate are material to the Business. To the Knowledge of the Corporation, there are no outstanding charges or complaints against the Corporation relating to unfair labour practices or discrimination or under any legislation relating to employees of the Corporation.

(iv) **Employee Accruals.** All accruals for unpaid vacation pay, premiums and contributions for Statutory Plans, accrued wages, salaries and commissions and Employee Benefit Plan payments owing to employees of the Corporation have been reflected in the books and records of the Corporation. There are no unpaid wages, bonuses, vacation pay, benefits, commissions, severance payments, other contractual obligations or any other amounts owed to any employees or independent contractors of the Corporation (other than those not yet due and which have been accrued in the books and records of the Corporation).

- (v) **Terms and Conditions.** Since the Balance Sheet Date, except in the ordinary course of the Business and consistent with the Corporation's past practices, there have been no increases or decreases in staffing levels of the Corporation and there have been no material changes in the terms and conditions of employment of any employees of the Corporation, including their salaries, remuneration and any other payments to them, and there have been no material changes in any remuneration payable or benefits provided to any officer, director, consultant, independent or dependent contractor or agent of the Corporation, and the Corporation has not agreed or otherwise become committed to materially change any of the foregoing since that date.
- (vi) **Employee Benefit Plans.** The Corporation has provided the Buyer with a complete and accurate list of, and copies of, each Employee Benefit Plan. All of the Employee Benefit Plans, and all contributions to and payments from such Employee Benefit Plans, are and have been made, established, registered, qualified (if applicable) invested and administered in all material respects in accordance with all Applicable Laws or other legislative, administrative or judicial proclamations applicable to the Employee Benefit Plans and the terms of the Employee Benefit Plans. Neither the execution, delivery or performance of this Agreement, nor the consummation of any of the other transactions contemplated by this Agreement, will result in any bonus, golden parachute, severance or other payment or obligation to any current or former employee or director of the Corporation, materially increase the benefits payable or provided under any Employee Benefit Plan, result in any acceleration of the time of payment or vesting of any such benefit, or increase or accelerate employer contributions thereunder except as previously disclosed by the Corporation to the Buyer.
- (vii) **Compliance with Employment Laws.** The Corporation is, and for the last three years has been, in all material respects in compliance with all applicable employment laws (including all Applicable Laws relating to employees, employment discrimination, labor relations, payment of wages and overtime, leaves of absence, employment Tax and social security, occupational health and safety, and immigration) and there are no complaints, claims, charges, levies, assessments or penalties outstanding, or to the Knowledge of the Corporation, threatened, nor are there any orders, decisions, directions or convictions currently registered or outstanding by any tribunal or agency against or in respect of the Corporation under or in respect of any applicable employment laws for which written notice has been given to the Corporation.
- (jj) **Taxes.** Except as previously disclosed by the Corporation to the Buyer:
 - (i) the Corporation has duly filed on a timely basis with the appropriate Governmental Authority all Tax Returns required to be filed by it on or before the date hereof, and all such Tax Returns are complete and accurate in all respects and were prepared in compliance with Applicable Law;
 - (ii) the Corporation has paid all Taxes which are due and payable (including all installments and prepayments of Tax as required by any Applicable Law), whether or not shown on any Tax Return;
 - (iii) no jurisdiction or authority in or with which the Corporation does not file a Tax Return has alleged that the Corporation is required to file such a Tax Return;
 - (iv) the Corporation has fully accrued in its books and records all Taxes which are due but not yet payable as of the date hereof, and has made adequate provision for Taxes in its books and records and in its Financial Statements;

- (v) the Corporation has collected all amounts required to be collected by it on account of Taxes, and has remitted to the appropriate Tax authority when required by Applicable Law to do so all such amounts collected by it;
 - (vi) there are no Encumbrances for Taxes on any of the assets of the Corporation; and
 - (vii) the Corporation has provided to Buyer a true and complete copy of all Tax Returns filed by it and all correspondence with any Governmental Authority relating to Taxes for any taxation periods that remain open for assessment or reassessment as of the date hereof.
- (kk) **Tax Dispute Matters.**
- (i) There is no agreement, waiver or other arrangement providing for an extension of time with respect to the filing of any return in respect of Taxes, or payment of any Taxes by the Corporation, nor is there any action, suit, litigation, arbitration, proceeding, governmental proceeding, investigation or claim, including appeals and applications for review, in progress, or to the Knowledge of the Corporation, threatened or pending against or relating to the Corporation, except as previously disclosed by the Corporation to the Buyer.
 - (ii) The Corporation has withheld, and will continue until the Closing Date to withhold, any Taxes that are required by Applicable Laws to be withheld and has timely paid or remitted, and will continue until the Closing Date to pay and remit, on a timely basis, the full amount of any Taxes that have been or will be withheld, to the applicable Governmental Authority.
 - (iii) The Corporation has no outstanding audits, investigations, suits or assessments for Taxes and, to the Knowledge of the Corporation, there are no threatened or potential assessments or other proceedings, negotiations or investigations in respect of Taxes, against the Corporation.
 - (iv) The Corporation is not subject to liability for Taxes of any other Person. The Corporation has not acquired property from any Person in circumstances where the Corporation did or could become liable for any Taxes of such Person. The value of the consideration paid or received by the Corporation for the acquisition, sale, transfer or provision of property (including intangibles) or the provision of services (including financial transactions) from or to a Person with whom the Corporation was not dealing at arm's length within the meaning of the Act was equal to the estimated fair market value of such property acquired, provided or sold or services purchased or provided. The Corporation has not entered into any agreement with, or provided any undertaking to, any Person pursuant to which it has assumed liability for the payment of income Taxes owing by such Person.
- (ll) **Canadian-Controlled Private Corporation.** The Corporation is a "Canadian-controlled private corporation" within the meaning of that term under the Act.
- (mm) **Withholdings and Remittances.** The Corporation has withheld from each payment made to any of their present or former employees, officers and directors, and to all non-resident Persons all amounts required by Applicable Law to be withheld, and have remitted such withheld amounts to the appropriate Governmental Authority. The Corporation has remitted all pension plan contributions, employment insurance premiums, employer health Taxes and other Taxes payable by it in respect of its employees to the proper Governmental Authority under Applicable Laws. The Corporation has charged, collected

and remitted all Taxes as required under Applicable Laws on any sale, supply or delivery whatsoever, made by the Corporation.

- (nn) **GST / HST Registration.** The Corporation is a registrant for the purposes of the ETA, and its registration number is 847819752 RT0001.
- (oo) **Customers.** The Corporation has provided the Buyer with a list of the top 10 customers for the Corporation for each of the fiscal years ended July 31, 2019 and July 31, 2020, based on an annualized percentage of sales for the applicable period. There has been no termination or cancellation of, and no modification or change in the business relationship of the Corporation with any of the customers listed. To the Knowledge of Corporation, there is no reason to anticipate that the benefits of any relationship with any of the customers will not continue after the Closing Time in substantially the same manner as prior to the date of this Agreement.
- (pp) **Suppliers.** The Corporation has provided the Buyer with a list of the top 10 suppliers for the Corporation for each of the fiscal years July 31, 2019 and July 31, 2020, based on an annualized percentage of purchases for the applicable period, and excluding administrative service providers. There has been no termination or cancellation of, and no material adverse modification or change in the business relationship of the Corporation with any of the suppliers listed. To the Knowledge of the Corporation, there is no reason to anticipate that the benefits of any relationship with any of the suppliers will not continue after the Closing Time in substantially the same manner as prior to the date of this Agreement.
- (qq) **Product Warranties.** There are no claims against the Corporation on account of warranties with respect to the production or sale of defective or inferior products or the provision of services, nor, to the Knowledge of the Corporation, is there any reasonable basis for any Legal Proceeding against any of the Corporation on account of warranties relating to the production or sale of products or the provision of services before the date of the Agreement, in each case, in excess of [REDACTED].
- (rr) **Full Disclosure.** Neither this Agreement, the Confidential Disclosure Letter nor any Closing Document to be delivered pursuant hereto the Corporation, nor any certificate, report, statement or other document furnished by the Corporation in connection with the negotiation of this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading. There has been no event, transaction, information or continuation of a trend that has come to the attention of the Corporation since July 31, 2020 that has not been disclosed to the Buyer in writing which could reasonably be expected to result in a Material Adverse Change.

PART 4 BUYER'S REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Buyer. In order to induce the Sellers to enter into and consummate this Agreement, the Buyer represents and warrants to the Sellers that the following statements set out in this Part 4 are true and correct:

- (a) **Corporate Matters.** The Buyer:
 - (i) is a corporation duly incorporated and validly existing under the laws of Saskatchewan;

- (ii) has the capacity and authority to execute, deliver and perform its obligations under this Agreement and the Closing Documents to which it is party and to complete the transactions contemplated hereby; and
 - (iii) has taken all action necessary to authorize the execution and delivery of, and the observance and performance of its covenants and obligations under, this Agreement and the Closing Documents to which it is party.
- (b) **Execution, Delivery and Enforceability.** This Agreement has been, and each Closing Document to which the Buyer is a party will on Closing be, duly executed and delivered by the Buyer, and this Agreement constitutes, and each Closing Document to which the Buyer is a party will on Closing constitute, a valid and binding obligation of the Buyer enforceable against the Buyer in accordance with its terms except to the extent to which such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights, and by general principles of equity.
- (c) **Non-Contravention.** The performance of this Agreement will not:
 - (i) conflict with, or result in the breach of, or constitute a default under, any agreement, arrangement or instrument to which the Buyer is party or the constating documents of the Buyer, or any Encumbrance, Contract, order, judgment, regulation or other restriction or obligation of any kind by which the Buyer or any of its assets is bound; or
 - (ii) contravene or conflict with any Applicable Laws.
- (d) **Financial Ability.** The Buyer has cash on hand in amounts sufficient to allow the Buyer to pay the cash portion of the Purchase Price, including any adjustments, and all other costs and expenses in connection with the consummation of the transactions contemplated by this Agreement.
- (e) **Legal Proceedings.** There is no Legal Proceeding in progress or pending before any Governmental Authority, or, to the knowledge of the Buyer, threatened against or relating to the Buyer, nor, to the knowledge of the Buyer, is there any factual or legal basis upon which any such Legal Proceeding might be commenced with any reasonable likelihood of success, and there is no judgment, decree, injunction, rule or order outstanding against or affecting the Buyer, that would adversely affect in any manner the ability of the Buyer to pay the Purchase Price to the Sellers, acquire the Purchased Shares as contemplated by this Agreement or prevent the Buyer from fulfilling any of its obligations set out in this Agreement or arising from this Agreement.
- (f) **Regulatory Approvals and Consents.** Except Exchange Approval, no approval or filing with, notice to, or waiver from any Governmental Authority is required to be obtained or made by the Buyer, and no consent is required nor is any notice required to be given under any agreement to which the Buyer is a party or by which it is bound, in connection with the execution and delivery of, and performance by the Buyer of its obligations under, this Agreement or the consummation of the transactions contemplated hereby.
- (g) **Advisory Fees.** There is no investment banker, broker, finder or other intermediary or advisor that has been retained by or is authorized to act on behalf of the Buyer who might be entitled to any fee, commission or reimbursement from the Sellers.
- (h) **Buyer Shares.** (i) The issued and outstanding common shares of the Buyer are listed and posted for trading on the Exchange. (ii) No order suspending the sale or ceasing the

trading of any securities of the Buyer has been issued by any Governmental Authority; and no proceedings for such purpose have been instituted or, to the knowledge of the Buyer, are pending or threatened by any Governmental Authority. (iii) Subject to Exchange Approval, the Buyer has full power and authority to issue the Buyer Shares and the Buyer Shares, when delivered hereunder to Seller, will be validly issued to such Seller as fully paid and non assessable common shares of the Buyer. (iv) The issuance of the Buyer Shares to the Sellers will be exempt from the prospectus requirements and dealer registration requirements of Applicable Laws. (v) TSX Trust Company at its office in Calgary, Alberta has been appointed transfer agent and registrar for the common shares of the Buyer. (vi) At the Closing Time, subject to Exchange Approval, the Buyer Shares to be issued to the Sellers will be conditionally approved for listing on the Exchange.

PART 5 COVENANTS OF THE PARTIES

5.1 Conduct of Business Prior to Closing. Except as otherwise permitted by this Agreement, during the period from the date of this Agreement to the Closing Date, the Corporation will:

- (a) carry on the Business only in the usual and ordinary course, consistent with past practice, except as permitted by this Agreement;
- (b) continue in force all existing policies of insurance or renewals thereof currently maintained by the Corporation and maintain insurance on the Assets at least to the levels as they are insured on the date of this Agreement and give all notices and present all claims under all such policies of insurance in a due and timely fashion;
- (c) preserve intact the Business and Assets, and the operations and affairs of the Corporation (other than the sale of Assets in the ordinary course of the Business) and use Commercially Reasonable Efforts to promote and preserve for the Buyer the goodwill of suppliers, customers and others having business relations with the Corporation;
- (d) comply in all material respects with Applicable Laws affecting the operation of the Business and pay all required Taxes;
- (e) pay and discharge all of its liabilities and obligations in the ordinary and usual course of the Business consistent with past practice, except for such liabilities or obligations as may be contested by the Corporation in good faith; and
- (f) pay off and discharge any outstanding Debt and ensure that any related Encumbrances are discharged on or prior to the Closing Date;
- (g) prior to Closing Date, redeem, repurchase or otherwise acquire all issued and outstanding equity securities that are not Purchased Shares, or Options that will be exercised into Purchased Shares, and, prior to Closing Date, discharge any resulting Debt from such redemption, repurchase or acquisition;
- (h) deliver the unaudited statements of income and balance sheets of the Corporation for each month within 15 days of the end of such month;
- (i) take or cause to be taken all necessary corporate action, steps and proceedings to approve or authorize, validly and effectively, the transfer of the Purchased Shares to the Buyer; and
- (j) use their best efforts to satisfy the conditions contained in Section 6.1 and deliver the documents required pursuant to Section 9.2.

5.2 Restrictions Prior to Closing. Except as otherwise permitted by this Agreement or with the prior written consent of the Buyer, which will not be unreasonably withheld, conditioned or delayed, during the period from the date of this Agreement to the Closing Date, the Corporation will not undertake any of the following without the prior approval of the Buyer:

- (a) incur or agree to incur any liability unless carried out in the ordinary course of the Business;
- (b) enter into, amend or terminate or agree to enter into, amend or terminate any Material Contract or material supply agreement or make any material decisions unless carried out in the ordinary course of the Business;
- (c) create, allot, issue, purchase or redeem any Shares, permit any Shares to be transferred or acquire any shares or equity interests in any other Person or agree to do so, except upon the exercise of in-the-money Options and the redemption of [REDACTED] preferred shares of the Corporation held by [REDACTED];
- (d) enter into any transaction or refrain from doing any action which, if effected before the date of this Agreement, would constitute a breach of any representation, warranty, covenant or other obligation hereunder of the Corporation or the Sellers;
- (e) enter into any material supply arrangements or make any material decisions or enter into any Material Contracts unless carried out in the ordinary course of the Business;
- (f) increase the compensation level of any employee, consultant, officer or director of the Corporation or enter into any agreement for the indemnification or exculpation of any such Person;
- (g) enter into capital spending commitments in excess of [REDACTED] in the aggregate unless carried out in the ordinary course of the Business;
- (h) enter into any Contract with any Person not dealing at arm's length with the Corporation within the meaning of the Act;
- (i) enter into or amend any Contract in respect of any collective bargaining agreement, labour contract, letter of understanding, letter of intent, voluntary recognition agreement or legally binding commitment or written communication to any labour union, trade union or employee organization or group which may qualify as a trade union in respect of or affecting the employees of the Corporation; and
- (j) establish any new Employee Benefit Plan nor make any amendments or commitments to improve or otherwise amend any existing Employee Benefit Plan.

5.3 Access to Information. Between the date of this Agreement and the Closing Date, the Corporation shall give to the Buyer and its directors, officers, employees, agents and advisers full and unrestricted access, during normal business hours, to all of the properties, employees, books, records, databases, contacts, commitments and records of the Corporation, and will furnish to the Buyer any information reasonably requested by it.

5.4 Consents. Each Seller will (on a several basis) use Commercially Reasonable Efforts to obtain, at or before Closing, all Required Consents in respect of such Seller's sale of Purchased Shares hereunder. The Corporation will use Commercially Reasonable Efforts to obtain, at or before closing, all Required Consents in respect of a change of control of the Corporation. The Buyer will cooperate with the Sellers and the Corporation and will use Commercially Reasonable Efforts to assist the Sellers and the Corporation, to obtain all Required Consents required to be obtained by the Sellers or the Corporation, as the case may be. Each Party will notify the other Parties as soon as reasonably practicable upon becoming aware of any

fact or matter that may affect or prevent obtaining the Required Consents and each time a Required Consent has been obtained.

5.5 Notification. The Sellers or the Corporation, as applicable, will immediately notify the Buyer in writing of any action or circumstance which may arise between the date of this Agreement and the Closing Date which results, or may result, in:

- (a) a Material Adverse Change;
- (b) a material breach of any representation or warranty of the Sellers or the Corporation contained in this Agreement, if such representation or warranty were repeated at any time before Closing by reference to the facts and circumstances then existing; or
- (c) any of the information provided in the Schedules to this Agreement or in the Confidential Disclosure Letter becoming untrue or incorrect in any material respect.

5.6 Books and Records. If Closing occurs, the Buyer covenants to use Commercially Reasonable Efforts to preserve the books and records of the Corporation delivered to it for a period of six years from the Closing Date, or for such longer period as is required by any Applicable Law, and will permit the Seller Representative or its authorized representatives reasonable access thereto (subject to appropriate confidentiality and use restrictions being put in place) in connection with the affairs of the Sellers related to the Corporation, but the Buyer shall not be responsible or liable to the Seller Representative or the Sellers for or as a result of any accidental loss or destruction of or damage to any such books or records.

5.7 Directors and Officers. If Closing occurs, the Buyer will cause the Corporation to adopt and maintain by-laws containing customary indemnification provisions in favour of the Corporation's current and former officers and directors that comply with the applicable provisions of the Canada Business Corporations Act for a period of six years from the Closing Date.

5.8 Exchange Approval. Buyer shall take all required actions to satisfy the conditional requirements of the Exchange with respect to the Exchange Approval and any event within the time period prescribed by the Exchange to satisfy such requirement.

5.9 Future Dispositions and Escrow of Buyer Shares. Each Seller hereby covenants and agrees on a several basis that, for a period of six (6) months following the Closing Date, unless otherwise agreed by the Buyer in its discretion, it will not, directly or indirectly, sell, assign, convey, trade, transfer, exchange, short sell or otherwise dispose (a "Sale") of any of the Buyer Shares it receives as Purchase Consideration hereunder, except in connection with: (i) any Sale in connection with an offer to acquire all of the outstanding securities of Buyer (whether by way of purchase, amalgamation, arrangement or other means of merger) by a third party offeror; (ii) any Sale pursuant to a court order or by operation of Applicable Laws; or (iii) any Sale to a trustee in bankruptcy or in connection with any plan, compromise or other arrangement between Buyer and its security holders. In connection therewith, each Seller acknowledges and agrees that certificates representing the Buyer Shares it received as Purchase Consideration shall be held by the Escrow Agent for such 6-month period, and on the expiration of the 6-month period, the Escrow Agent shall deliver the certificates to the Sellers to the last address of the applicable Seller as is recorded on the books and records of the Buyer's share registrar and transfer agent.

5.10 Confidentiality.

- (a) Prior to the Closing, and subject to Section 10.1, the Buyer will treat all information received from or on behalf of the Corporation in connection with the transactions contemplated in this Agreement as confidential, and Buyer will cause its officers, directors, employees, affiliates, advisors and agents to hold such information in confidence in accordance with the terms hereof and, prior to Closing, Buyer will not at any time use or disclose or permit

there to be used or disclosed any confidential information relating to or belonging to the Corporation except to the extent that Buyer can show that such information: (a) is generally available to, and known by, the public through no fault of Buyer or its respective representatives; or (b) is lawfully acquired by Buyer or its respective representatives from sources that are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation. If Buyer or its respective representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Applicable Law, Buyer shall, subject to Section 10.1, promptly notify the Seller Representative and the Corporation in writing and shall disclose only that portion of such information that Buyer is advised by its counsel in writing is legally required to be disclosed; *provided that* Buyer shall use its reasonably best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

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

5.11 Taxes of the Corporation.

- (a) The Buyer will cause the Corporation to prepare and file a Straddle Period Return in respect of the Straddle Period and any required Tax Returns in respect of the completion of the sale and purchase of the Purchased Shares under this Agreement. The Seller Representative will be provided a copy of such Tax Returns no later than 10 Business Days before the date such returns are required to be filed, and will have the opportunity to review and comment on such Tax Returns before they are filed. Such Tax Returns will be prepared consistent with prior practice, except where otherwise required under Applicable Law. The Buyer will cause the Corporation to remit any Taxes shown as owing on such Tax returns in a timely manner.
- (b) The Buyer will provide notice to the Seller Representative of any inquiries made by, discussions with or representations or submissions proposed to be made to any taxation authority to the extent that the subject matter thereof relates to representations, covenants or obligations of the Sellers hereunder or could reasonably give rise to a right of indemnity hereunder. The Buyer will forthwith advise the Seller Representative of the substance of any such inquiries or discussions and provide the Seller Representative with copies of any written communications from any taxation authority relating to such inquiries or discussions. The Buyer will provide the Seller Representative a reasonable opportunity to comment on any such representations or submissions and to attend any meeting with any such taxation authority with respect to such matters.
- (c) The Buyer will provide the reasonable assistance of the employees or personnel of the Buyer, the Corporation and the accounting and legal and other representatives and advisors of the Buyer and the Corporation and otherwise take such reasonable steps to cooperate with the Seller Representative and render all reasonable assistance as the Seller Representative may reasonably request (including, to the extent requested by the

Seller Representative, dealing directly with any taxation authority in relation to audits, inquiries, discussions or disputes), with respect to all matters relating to any inquiries, discussions or disputes where the subject matter thereof relates to representations, covenants or obligations of the Sellers hereunder or could reasonably be expected to give rise to a right of indemnity hereunder.

5.12 Options. The board of directors of the Corporation shall accelerate the time at which the outstanding in-the-money Options, as set out in Schedule 3.2(b) of the Confidential Disclosure Letter, may be exercised, make any required amendments to the Option Plan or the Options outstanding thereunder and take any further action necessary to ensure that all in-the-money Options may be exercised prior to the Closing and that all out-of-the-money Option or any unexercised Option shall terminate and be cancelled, without any payment therefor, immediately prior to and in any event not less than two (2) Business Days prior to, the Closing Time. In addition, the Corporation shall, at least two (2) Business Days prior to the Closing Time, issue as fully paid and non-assessable Shares, free of any Encumbrances, to all holders of in-the-money Options who have validly elected to subscribe for Shares and tendered payment in respect of such Options prior to the Closing Time and shall deliver to the Buyer, not less than two (2) Business Days prior to the Closing Date, (a) a complete, accurate and up-to-date Schedule A to this Agreement setting out all Shareholders of the Corporation, including their respective holdings of Purchased Shares and Pro Rata Portion of Purchased Shares held and to be held as of the Closing Time and (b) surrender and termination agreements executed by each holder of cancelled and forfeited Options and the Corporation.

PART 6 CONDITIONS

6.1 Buyer's Conditions. The obligations of the Buyer to complete the sale and purchase of the Purchased Shares under this Agreement will be subject to the fulfilment of each of the following conditions on or before the Closing Date.

- (a) **Accuracy of Representations and Warranties.** The representations and warranties of the Sellers and the Corporation set out in this Agreement that are qualified as to materiality will be true and correct in all respects, and those not so qualified will be true and correct in all material respects as at the Closing Date, except to the extent that such representations and warranties expressly relate to an earlier date (in which case such representations and warranties qualified as to materiality will be true and correct in all respects, and those not so qualified will be true and correct in all material respects as at such earlier date).
- (b) **Sale of 100% of Shares.** Each of the Remaining Shareholders and each Person that exercises Options prior to Closing shall have duly executed and delivered to Buyer a Joinder Agreement as required hereunder.
- (c) **Required Consents.** Exchange Approval and all Required Consents will have been obtained from the appropriate Governmental Authorities and other Persons on terms reasonably satisfactory to the Buyer.
- (d) **Stock Option Plan.** The Corporation shall have amended the Option Plan to provide that the in-the-money Options issued thereunder shall fully vest immediately prior to Closing and each holder of outstanding Options shall have exercised such Options and executed a Joinder Agreement and each holder of cancelled Options shall have executed and delivered a surrender and termination agreement, in accordance with Section 5.12.
- (e) **Encumbrances.** The Assets shall be free and clear of all Encumbrances other than Permitted Encumbrances.
- (f) **No Closing Debt.** The Corporation shall have no Closing Debt.

- (g) **Performance of Obligations.** The Sellers and the Seller Representative will have performed and complied in all material respects with all obligations, covenants and agreements to be performed and complied with by each of them on or before Closing under this Agreement and under any agreement, certificate or other document executed and delivered by the Sellers or the Seller Representative, as the case may be, pursuant hereto.
- (h) **Material Adverse Change.** There will have been no change, event or circumstance that has resulted or that could reasonably be expected to result in a Material Adverse Change between the date of this Agreement and the Closing Date.
- (i) **No Injunction.** No preliminary or permanent injunction or other order, decree, or ruling issued by a Governmental Authority, and no statute, rule, regulation, or executive order promulgated or enacted by a Governmental Authority, which restrains, enjoins, prohibits, or otherwise makes illegal the consummation by the Sellers of the transactions contemplated hereby shall be in effect.
- (j) **Closing Documentation.** All documents listed in Section 9.2 will have been received by the Buyer.

6.2 Waiver/Termination. The conditions contained in Section 6.1 are for the exclusive benefit of the Buyer and may be waived by it in whole or in part at any time.

6.3 Sellers' Conditions. The obligations of the Sellers to complete the sale and purchase of the Purchased Shares under this Agreement will be subject to the fulfilment of each of the following conditions on or before the Closing Date.

- (a) **Accuracy of Representations and Warranties.** The representations and warranties of the Buyer set out in this Agreement that are qualified as to materiality will be true and correct in all respects, and those not so qualified will be true and correct in all material respects as at the Closing Date, except to the extent that such representations and warranties expressly relate to an earlier date (in which case such representations and warranties qualified as to materiality will be true and correct in all respects, and those not so qualified will be true and correct in all material respects as at such earlier date).
- (b) **Consents.** All Required Consents will have been obtained from the appropriate Governmental Authorities and other Persons on terms reasonably satisfactory to the Seller Representative.
- (c) **Performance of Obligations.** The Buyer will have performed and complied in all material respects with all obligations, covenants and agreements to be performed and complied with by it on or before Closing under this Agreement and under any agreement, certificate or other document executed and delivered by Buyer pursuant hereto.
- (d) **Buyer Material Adverse Change.** There will have been no change, event or circumstance that has resulted or that could reasonably be expected to result in a Buyer Material Adverse Change between the date of this Agreement and the Closing Date.
- (e) **No Injunction.** No preliminary or permanent injunction or other order, decree, or ruling issued by a Governmental Authority, and no statute, rule, regulation, or executive order promulgated or enacted by a Governmental Authority, which restrains, enjoins, prohibits, or otherwise makes illegal the consummation by the Sellers of the transactions contemplated hereby shall be in effect.
- (f) **Closing Documentation.** All documents and payments listed in Section 9.3 will have been received by the Sellers including, without limitation, payment of the Purchase Price.

6.4 Waiver/Termination. The conditions contained in Section 6.3 are for the exclusive benefit of the Sellers and may be waived by them in whole or in part at any time.

6.5 Closing Arrangements. The shareholders that are signatories to this Agreement shall use Commercially Reasonable Efforts to cause all of the shareholders of the Corporation not party to this Agreement (the “**Remaining Shareholders**”) and each Person who exercises Options and acquires Shares prior to Closing to execute and deliver a Joinder Agreement. The execution and delivery of a Joinder Agreement shall not effect an amendment to this Agreement.

PART 7 SURVIVAL AND INDEMNITY

7.1 Survival of Representations, Warranties and Covenants.

- (a) **Sellers Survival Period.** The representations and warranties of the Sellers in Section 3.1 of this Agreement will survive indefinitely and shall not merge on Closing. The covenants of the Sellers contained in this Agreement shall survive the Closing and shall not merge on Closing.
- (b) **Corporation Survival Period.** The representations and warranties of the Corporation in Section 3.2 will not survive the Closing and shall merge on Closing. The covenants of the Corporation contained in this Agreement shall survive the Closing and shall not merge on Closing.
- (c) **Buyer Survival Period.** The representations and warranties of the Buyer in Section 4.1 of this Agreement will survive Closing and the payment of the Purchase Price for a period of 12 months from the Closing Date. The covenants of the Buyer contained in this Agreement shall survive the Closing and shall not merge on Closing.

7.2 Indemnification of Buyer. Subject to the provisions of this Part 7, the Sellers severally, and not jointly and severally, and only in respect of itself and the Shares that such Seller legally or beneficially owns, directly or indirectly, or over which such Seller exercises control or direction, shall indemnify and hold harmless the Buyer from and against any Damages suffered or incurred as a result of, or arising out of:

- (a) any of the representations or warranties of the Sellers in this Agreement or in any agreement, certificate or other document executed by the Sellers pursuant to this Agreement being untrue or incorrect; or
- (b) a breach of any covenant or obligation made in this Agreement or in any agreement, certificate or other document executed by a Seller pursuant to this Agreement by any Seller,

(which Damages are collectively referred to as “**Buyer’s Losses**”).

7.3 Indemnification of Sellers. Subject to the provisions of the Part 7, the Buyer covenants and agrees to indemnify and hold harmless the Sellers from and against any Damages suffered or incurred as a result of, or arising out of:

- (a) any of the representations or warranties of the Buyer in this Agreement or in any agreement, certificate or other document executed by the Buyer pursuant to this Agreement being untrue or incorrect; or
- (b) a breach of any covenant or obligation made in this Agreement or in any agreement, certificate or other document executed by the Buyer pursuant to this Agreement by the Buyer,

(which Damages are collectively referred to as “**Sellers’ Losses**”).

7.4 Limitations on Indemnities.

- (a) The Buyer and the Sellers, as applicable, will not be liable under the indemnity provisions in this Part 7 unless a Notice of Claim has been given to the Seller Representative (in the case of Buyer’s Losses) or Buyer (in the case of Sellers’ Losses) on or before the applicable expiry date specified in Section 7.1, or if no expiry date is specified in Section 7.1 with respect to any matter in respect of which a Party may claim under this Part 7, then the Buyer shall be entitled to deliver a Notice of Claim at any time prior to applicable limitation periods set forth in Applicable Laws.
- (b) The aggregate amount of the Sellers’ Losses indemnifiable hereunder pursuant to a claim made pursuant to this Part 7 will not in any circumstances exceed the Purchase Price, except to the extent that such Sellers’ Losses arise from fraud or fraudulent or intentional misrepresentation, in which case no maximum threshold will apply.
- (c) The aggregate amount of the Buyer’s Losses indemnifiable hereunder pursuant to a claim made pursuant to this Part 7 will not in any circumstances exceed the Purchase Price and, in respect of each Seller individually, will not exceed that Seller’s Pro Rata Portion of the Purchase Price. Each Seller will be solely liable to the Buyer for any claim for indemnification that arises under Section 7.2(a) or Section 7.2(b) in respect of such Seller’s representations, warranties and covenants.

7.5 Exclusive Remedy. The rights of indemnity set forth in this Part 7 are the sole and exclusive remedy of each Party in respect of any misrepresentation, incorrectness in or breach of any representation or warranty, or breach of covenant by the other Parties under this Agreement.

7.6 Duty to Mitigate. Nothing in this Agreement will in any way restrict or limit the general obligation at law of a Party to mitigate any Damages which it may suffer or incur by reason of the breach by the another Party of any representation, warranty or covenant of that other Party under this Agreement.

7.7 Notice of Claim. If any of the Sellers or the Buyer become aware of any act, omission or state of facts that may give rise to Damages in respect of which a right of indemnification is provided for under this Part 7, that Party will promptly give written notice thereof (a “**Notice of Claim**”) to the other Parties. The Notice of Claim will specify whether the potential Damages arise as a result of a claim by a Person against that Party (a “**Third Party Claim**”) or whether the potential Damages do not so arise (a “**Direct Claim**”), and will also specify with reasonable particularity (to the extent that the information is available) the factual basis for the Direct Claim or Third Party Claim, as the case may be, and the amount of the potential Damages arising therefrom, if known. Failure by an Indemnified Party to deliver a Notice of Claim promptly shall not relieve the Indemnifying Party of its obligations pursuant to Part 7 except to the extent that it was prejudiced in the defence of the claim.

7.8 Direct Claims. In the case of a Direct Claim, the Indemnifying Party will have 60 days from receipt of a Notice of Claim in respect thereof within which to make such investigation as the Indemnifying Party considers necessary or desirable. For the purpose of such investigation, the Indemnified Party will make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate its right to be indemnified under this Part 7, together with all such other information as the Indemnifying Party may reasonably request (but excluding any information that is the subject of privilege). If the Parties fail to agree at or before the expiration of such 60 day period (or any mutually agreed upon extension thereof), the Indemnified Party will be free to pursue such remedies as may be available to it.

7.9 Third Party Claims. In the case of a Third Party Claim, the provisions in the following paragraphs of this Section 7.9 apply.

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

in which case the Indemnifying Party may assume such control at its expense through counsel of its choice, by delivering notice to that effect to the Indemnified Party within 30 days of the date that the Notice is delivered to the Indemnified Party or such later date as the Parties may agree.

- (b) *Respective Rights on Indemnifying Party's Assumption of Control.* If the Indemnifying Party elects to assume control as contemplated in Section 7.9(a)(a), the Indemnifying Party will reimburse the Indemnified Party for all of the Indemnified Party's out-of-pocket expenses incurred in connection with such Third Party Claim up to the date of the Indemnifying Party's election. The Indemnified Party will continue to have the right to participate in the negotiation, settlement or defence of such Third Party Claim and to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel will be paid by the Indemnified Party unless the Indemnifying Party consents to the retention of such counsel at its expense or unless the named parties to any action or proceeding include both the Indemnifying Party and the Indemnified Party and a representation of both the Indemnifying Party and the Indemnified Party by the same counsel would be inappropriate due to the actual or potential differing interests between them (such as the availability of different defences), in which case the fees and disbursements of such counsel will be paid by the Indemnifying Party. The Indemnified Party will co-operate with the Indemnifying Party so as to permit the Indemnifying Party to conduct such negotiation, settlement and defence and for this purpose will preserve all relevant documents in relation to the Third Party Claim, allow the Indemnifying Party access on reasonable notice to inspect and take copies of all such documents (other than information that is the subject of privilege) and require its personnel to provide such statements as the Indemnifying Party may reasonably require and to attend and give evidence at any trial or hearing in respect of the Third Party Claim.
- (c) *Lack of Reasonable Diligence.* If, having elected to assume control of the negotiation, settlement or defence of the Third Party Claim, the Indemnifying Party thereafter fails to conduct such negotiation, settlement or defence with reasonable diligence, then the Indemnified Party will be entitled to assume such control and the Indemnifying Party will be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim.
- (d) *Other Rights of Indemnified Party.* If the Indemnifying Party fails to assume control of the defence of any Third Party Claim, the Indemnified Party will have the exclusive right to contest, settle or pay the amount claimed and the Indemnifying Party will be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim. Whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnifying Party will not settle any Third Party Claim without the written consent of the Indemnified Party, which consent will not be unreasonably withheld or delayed.

7.16 Purchase Price Adjustment. Any amount paid by the Buyer or the Sellers pursuant to this Part will be treated as an adjustment to the Purchase Price for all Tax purposes.

PART 8 TERMINATION

8.1 Termination. This Agreement may be terminated, by notice given prior to completion of the sale and purchase of the Purchased Shares herein contemplated:

- (a) by written agreement of the Seller Representative and the Buyer; or
- (b) by the Seller Representative or the Buyer if the completion of the sale and purchase of the Shares herein contemplated has not occurred (other than through the failure of the Party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) on or before the Outside Date.

PART 9 CLOSING

9.1 Closing. The sale and purchase of the Purchased Shares and the other transactions contemplated by this Agreement will be closed (the “**Closing**”) by way of an electronic closing in which the closing documentation will be delivered by electronic mail with exchange of signature pages in pdf or functionally equivalent electronic format, except for the delivery of original share certificates and applicable signed stock transfer powers on Closing at the Closing Time on February 1, 2021 or on such other date or at such other place as may be mutually agreed upon in writing by the Parties (the “**Closing Date**”).

9.2 Delivery by Sellers. On the Closing Date the Sellers or the Corporation, as applicable, will deliver, or cause to be delivered, the following documents to the Buyer:

- (a) a Joinder Agreement, duly executed by any Remaining Shareholders and all Persons that exercise Options prior to Closing;
- (b) duly executed copy of the Escrow Agreement and all other Closing Documents required to be delivered by the Sellers or the Corporation;
- (c) an opinion of legal counsel to the Corporation opining as at the Closing Time (i) that the Corporation is duly incorporated, validly existing and in good standing under the laws of Canada, and (ii) the authorized and issued share capital of the Corporation;
- (d) share certificates representing the Shares in the names of the respective Sellers, duly endorsed for transfer to the Buyer;
- (e) duly executed copies of all Required Consents required to be obtained by the Sellers;
- (f) a new share certificate representing the Shares in the name of the Buyer, duly executed by the Corporation;
- (g) a direction form from the Seller Representative to the Buyer and McKercher LLP irrevocably directing to payment the cash portion of the Purchase Price payable at Closing pursuant to Sections 2.3(a) and 2.3(b) to the bank account of McKercher LLP, in trust, to be delivered each Seller in the Pro Rata Portion;
- (h) a certified copy of the Articles, by-laws and resolutions of the directors of the Corporation approving and authorizing the transfer of the Shares from the Sellers to the Buyer, the registration of the Shares in the name of the Buyer and the issue of the share certificates referred to in Section 9.2(f) and incumbency of any directors or officers of the Corporation executing this Agreement on behalf of the Corporation or any other agreement, certificate or document pursuant to this Agreement;

- (i) the minute books and all other books and records of the Corporation;
- (j) a certificate executed by an executive officer of the Corporation certifying the matters set forth in Sections 6.1(a), 6.1(b), 6.1(g) and 6.1(h);
- (k) duly executed resignations and releases of all of the directors and officers of the Corporation, in form and substance satisfactory to the Buyer such resignations and releases to be effective as of the Closing Date;
- (l) a certificate of status for the Corporation issued not earlier than one Business Day prior to the Closing Date;
- (m) a copy of the amended Stock Option Plan in accordance with Section 6.1(d) and notice of exercise of all outstanding Options prior to the Closing Date;
- (n) evidence satisfactory to the Buyer that there is no Closing Debt and that any related Encumbrances have been discharged; and
- (o) all such other documents, instruments, records, conveyances, assignments, assurances, consents and certificates which, in the opinion of the Buyer, acting reasonably, are necessary to effect and evidence the transfer of the Purchased Shares to the Buyer free and clear of all Encumbrances.

9.3 Delivery by Buyer. On the Closing Date, the Buyer will deliver, or cause to be delivered, the following to the Sellers:

- (a) duly executed copy of the Escrow Agreement and all other Closing Documents required to be delivered by the Buyer;
- (b) a certificate executed by an executive officer of the Buyer certifying that the matters set forth in Sections 6.3(a) and 6.3(c);
- (c) a wire transfer for an amount equal to the portion of the Purchase Price payable at Closing pursuant to Sections 2.3(a) and 2.3(b) to the bank account of McKercher LLP, in trust;
- (d) duly executed share certificates representing the Buyer Shares registered in the name of each Seller;
- (e) a certificate of status or good standing, as applicable, for the Buyer issued not earlier than one Business Day prior to the Closing Date; and
- (f) all such other documents, instruments, records, conveyances, assignments, assurances, consents and certificates which, in the opinion of the Sellers, acting reasonably, are necessary to effect and evidence the transfer of the Purchased Shares to the Buyer.

PART 10 GENERAL

10.1 Public Announcements. Except (a) to the extent required by Applicable Law; or (b) with the written consent of the other Parties; no Party will make any public announcement or disclosure regarding the transactions contemplated by this Agreement. If announcement is required by Applicable Law, the Party proposing to make the announcement will consult with the other Parties in advance of making its announcement, and use Commercially Reasonable Efforts to incorporate any suggested revisions to the form and content of the proposed announcement.

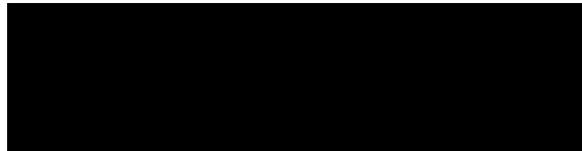
10.2 Exclusivity. During the period from the date hereof to the Closing, the Sellers shall not, and shall cause the Corporation not to, directly or indirectly, solicit, initiate or encourage any inquiries or proposals from, discuss or negotiate with, provide any non-public information to, or consider the merits of any inquiries or proposals from, any Person (other than the Buyer) relating to any transaction involving the sale, directly or indirectly, of any of the Shares or the sale or other direct or indirect (including by way of amalgamation or license) disposition of all or substantially all of the Business or any part of the Assets other than sales of inventory in the ordinary course of the Business (each, a “**Proposed Transaction**”). Without limiting the foregoing, if any Seller or the Corporation receives any written inquiry or proposal relating to any Proposed Transaction, then the Sellers shall promptly notify the Person making such inquiry or proposal (without revealing the Buyer’s identity) that they are unable to enter into any discussions or negotiations due to being bound by an existing exclusivity agreement of an unspecified duration, and shall promptly notify the Buyer of such inquiry or proposal.

10.3 Notices. Any notice or communication required or permitted to be given under this Agreement will be in writing and will be considered to have been sufficiently given if delivered by hand, transmitted by e-mail or mailed by prepaid registered post in Canada to the address or email address of each Party set out below:

if to the Buyer:

Input Capital Corp.
300 - 1914 Hamilton Street
Regina, Saskatchewan S4P 3N6
Attention: Doug Emsley, President and Chief Executive Officer
Email: doug@inputcapital.com

if to the Sellers:



in every case with a copy to (which copy shall not constitute receipt):

McKercher LLP
800-1801 Hamilton Street
Regina, Saskatchewan S4P 4B4
Attention: Patricia J. F. Warsaba, Q.C.
Email: p.warsaba@mckercher.ca

or to such other address or email address as any Party may, from time to time, designate in the manner set out above. Any such notice or communication will be considered to have been received:

- (a) if delivered by hand during business hours on a Business Day, upon receipt by a responsible representative of the receiver, and if not delivered during business hours, upon the commencement of business hours on the next Business Day;
- (b) on the date sent by e-mail, with written confirmation of receipt by non-automated reply e-mail from the recipient, if sent during normal business hours of the recipient (otherwise such notice shall be deemed to have been given on the next Business Day); and
- (c) if mailed by prepaid registered post in Canada, upon the fifth Business Day following posting; except that, in the case of a disruption or an impending or threatened disruption

in postal services every notice or communication will be delivered by hand or sent by facsimile transmission.

10.4 Time of Essence. Time will be of the essence of this Agreement.

10.5 Governing Law. This Agreement will be governed by and construed in accordance with the laws of Saskatchewan and the federal laws of Canada applicable therein and will be treated in all respects as a Saskatchewan contract.

10.6 Submission to Jurisdiction. Each of the Parties hereby: (i) submits to the non-exclusive jurisdiction of the courts of the Province of Saskatchewan over any action or proceeding arising out of or relating to this Agreement except as provided in Section 2.5, (ii) waives any objection that it might otherwise be entitled to assert to the jurisdiction of such courts, and (iii) agrees not to assert that such courts are not a convenient forum for the determination of any such action or proceeding.

10.7 Entire Agreement. This Agreement and the documents and instruments to be executed and delivered under it constitute the entire agreement among the Parties and supersede any previous agreement or arrangement, oral or written, among the Parties. This Agreement and the documents and instruments to be executed and delivered under it, contain all the covenants, representations, and warranties of the respective Parties. There are no oral representations or warranties between the Parties of any kind. This Agreement may not be amended or modified in any respect except by written instrument signed by each of the Parties.

10.8 Severability. If any provision of this Agreement is or becomes illegal, invalid or unenforceable under the laws of any jurisdiction, that will not affect or impair:

- (a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or
- (b) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Agreement.

10.9 Currency. All transactions referred to in this Agreement will be made in lawful currency of Canada in immediately available funds. Any reference to cash in this Agreement includes a reference to cash, certified cheque, bankers draft, wire or electronic transfer.

10.10 Accounting Principles. All calculations made or referred to in this Agreement will be made in accordance with ASPE. Unless the context otherwise requires, all accounting terms used in this Agreement which are not defined in this Agreement will have the meaning assigned to them in accordance with ASPE.

10.11 Enurement. This Agreement will enure to the benefit of and will be binding upon the Parties and their respective heirs, executors, administrators, successors (including any successor by amalgamation) and permitted assigns.

10.12 Further Assurances. At any time after Closing, each of the Parties will at their own expense execute and deliver all such documents and instruments and do all such acts as any other Party may reasonably require in order to give full effect to the intent and meaning of this Agreement and the transactions contemplated by it.

10.13 Costs and Expenses. Except as specifically provided otherwise in this Agreement, each Party will be responsible for its own legal fees and other costs and expenses incurred in connection with the purchase and sale of the Purchased Shares (including any Taxes imposed on such fees, costs or expenses), all negotiations between the Parties and the consummation of the transactions contemplated by this Agreement.

10.14 Assignment. Subject to the Buyer's right to (a) assign this Agreement to its Affiliate (which may be a newly incorporated entity) and (b) assign any or all of its rights and benefits pursuant to this Agreement to any of its lenders (including any agent for such lenders) or Affiliates of lenders as collateral security for its obligations to such persons, this Agreement and the rights and obligations hereunder are not assignable or transferable by any Party without the prior written consent of the other Parties hereto. The Buyer will remain fully liable for its obligations under this Agreement notwithstanding any assignment of its rights to its Affiliate.

10.15 Appointment of Seller Representative.

- (a) Each Seller hereby irrevocably constitutes and appoints [REDACTED] ("**Seller Representative**") as such Seller's attorney-in-fact and agent for the purpose of dealing with the Buyer for all matters relating to or arising out of this Agreement, and the Sellers acknowledge and agree that, as agent, Seller Representative has authority to deal with the Buyer on behalf of all Sellers in respect of any matter arising out of this Agreement, including to:
- (i) execute any agreement, instrument or other document in connection with this Agreement, whether at Closing or otherwise;
 - (ii) give and receive notices and communications to or from the Buyer relating to this Agreement, the Escrow Agreement, or any of the transactions and other matters contemplated hereby or thereby;
 - (iii) authorize deliveries to the Buyer from the Escrow Funds in satisfaction of amounts payable to the Buyer hereunder, including by objecting or not objecting to the Closing Balance Sheet and the Working Capital Statement;
 - (iv) authorize the payment by or on behalf of the Sellers of any fees, costs and expenses incurred by the Corporation or the Seller Representative in connection with the transactions contemplated under this Agreement; and
 - (v) take all actions necessary or appropriate in the judgment of the Seller Representative for the accomplishment of the foregoing, in each case without having to seek or obtain the consent of any Person under any circumstance.
- (b) This power is irrevocable and coupled with an interest, and will not be affected by the death, incapacity, illness, dissolution or other inability to act of any Seller. Any notice or other deliverable required to be given to the Sellers under this Agreement will be effective if provided to the Seller Representative in accordance with this Agreement. The Seller's may designate a replacement Seller Representative from among the individual Sellers by notice in writing to the Buyer signed by all Sellers delivered to the Buyer no later than five Business Days before such designation takes effect. All Sellers agree that any notices or deliverables from the Sellers to the Buyer hereunder shall be provided exclusively through the Seller Representative and the Buyer may rely on the authority of the Seller Representative in that regard and further will deal exclusively with the Seller Representative and not individual Sellers.
- (c) The Seller Representative shall not be liable to the Sellers for any act done or omitted hereunder or under the Escrow Agreement as the Seller Representative while acting in good faith (and any act done or omitted pursuant to the advice of counsel shall be conclusive evidence of such good faith) and without gross negligence or willful misconduct. The Sellers shall severally (based on their Pro Rata Portion) indemnify the Seller Representative and hold it harmless against any loss, liability or expense incurred without gross negligence, willful misconduct or bad faith on the part of the Seller Representative

and arising out of or in connection with the acceptance or administration of its duties hereunder or under the Escrow Agreement, including any out of pocket costs and expenses and legal fees and other legal costs reasonably incurred by the Seller Representative.

10.16 Counterparts. This Agreement may be executed in any number of counterparts and by different Parties on separate counterparts (which may be facsimile or readable electronic copies) but will not take effect until each Party has executed at least one counterpart. Each counterpart will constitute an original and all the counterparts together will constitute a single agreement.

[THE SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF this Agreement has been executed as of the date first above written:

Buyer:

INPUT CAPITAL CORP.



**Brad Farquhar, Executive Vice President
and Chief Financial Officer**

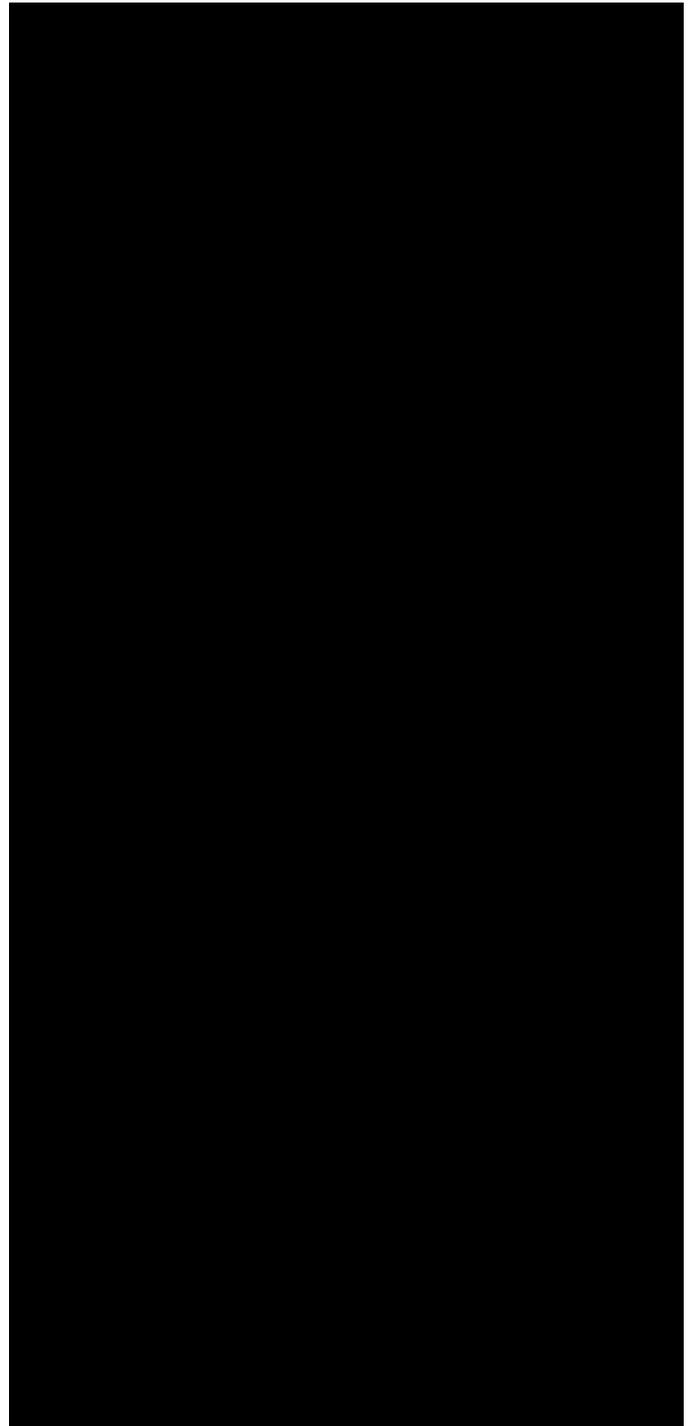
Corporation:

SRG SECURITY RESOURCE GROUP INC.



**Blair Ross, President and Chief Operations
Officer**

Sellers:



**SCHEDULE A
SELLERS/SHARES**

