

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (this "Agreement") is dated the 23rd day of August, 2023.

AMONG:

ATLAS ENGINEERED PRODUCTS LTD., a corporation duly formed under the laws of the Province of British Columbia, with its registered office located at 595 Howe Street, Suite 704, Vancouver, BC V6C 2T5

(the "Purchaser")

OF THE FIRST PART

AND:

LÉON CHOUINARD ET FILS CO. LTD./LTÉE., a corporation duly formed under the laws of the Province of New Brunswick, with its registered office located at 199 Rue L'Anse, Eel River Crossing, NB E8E 1R2

("LCF")

OF THE SECOND PART

AND:

Those shareholders of LCF set forth on the execution page of this Agreement

(each a "LCF Shareholder" and collectively, the "LCF Shareholders")

OF THE THIRD PART

WHEREAS:

- A. The LCF Shareholders are the owners of all of the issued and outstanding shares of LCF;
- B. The LCF Shareholders have agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the LCF Shareholders, all of the issued and outstanding shares of LCF on the terms and subject to the conditions set forth herein (the "**Transaction**");

NOW THEREFORE THIS AGREEMENT WITNESSES that for good and valuable consideration including the sum of \$1.00 now paid by each of the parties to the other, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree each with the other as follows:

1. INTERPRETATION

1.1. Where used herein or in any amendments or Schedules hereto, the following terms shall have the following meanings:

- (a) "Action" has the meaning set forth in Section 5.24.
- (b) "Additional Lands" means *[PROPERTY DETAILS REDACTED]*;
- (c) "Post-Closing Adjustments" means the adjustments to the Purchase Price set forth in Section 2.5(a) to (e);

- (d) "ASPE" means Canadian Accounting Standards for Private Enterprises as defined in the CPA Canadian Handbook – Accounting Part II, as applicable from time to time.
- (e) "Assumed Debts" has the meaning set forth in Section 5.13.
- (f) "Business" means the business in which LCF is engaged, namely the design, manufacture and sale of wooden roof trusses, floor joists, pre-assembled floors, pre-fabricated wall panels, beams and columns, and other engineered wood products.
- (g) "Cash Payment" has the meaning set forth in Section 2.2 (b) (i).
- (h) "Closing" means closing of the purchase and sale of the Purchased Shares by the Purchaser as set forth herein.
- (i) "Closing Balance Sheet" has the meaning set forth in Section 4.3.
- (j) "Closing Date" means the date of Closing, which date shall be no later than August 23, 2023, or such earlier or later date as the Purchaser and the Vendor Representative may determine.
- (k) "Closing Income Tax Returns" has the meaning set forth in Section 4.3
- (l) "Environment" means the air, surface water, ground water, body of water, any land (including surface land and sub-surface strata), soil or underground space, all living organisms and the interacting natural systems that include components of the air, land, water and inorganic matters and living organisms, and the environment or natural environment as defined in any Environmental Law, and "Environmental" shall have a corresponding meaning.
- (m) "Environmental Law" means any all Laws relating to the protection of the Environment including those relating to the storage, generation, use, handling, manufacture, processing, transportation, import, export, treatment, release or disposal of any Hazardous Substance
- (n) "Environmental Notice" means any written directive, investigation, proceeding, letter or other written communication from any Governmental Body relating to non-compliance or potential non-compliance with or breach of or potential breach of any Environmental Law or Environmental Permits.
- (o) "Environmental Permits" means any permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made by any Governmental Body under any Environmental Law.
- (p) "Environmental Release" means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate of any Hazardous Substance into or through the Environment or as defined in any Environmental Law.
- (q) "Escrow Account" means the trust bank account of the Escrow Agent, designated in writing by the Escrow Agent.
- (r) "Escrow Agent" means Isabelle Moreau, Cox & Palmer, .
- (s) "Escrow Agreement" means that escrow agreement to be entered into by each of the Purchaser, the LCF Shareholders and the Escrow Agent, which agreement shall be in the form attached as Exhibit B hereto.
- (t) "Escrow Amount" has the meaning set forth in Section 2.2 (b) (B).

(u) "Exchange Shares" means the shares in the capital stock of LCF designated as 'Exchange Shares' in Schedule 5.11, being 1,000 *Actions Privilégiées* F-2.

(v) "Finished Goods Inventory" means components completed by LCF and awaiting delivery. For greater clarity, components included as Finished Goods Inventory shall include trusses, wall panels and floor joists manufactured by LCF.

(w) "Gestion" means Gestion Magnik Inc.

(x) "Governmental Body" means any government, parliament, legislature, regulatory authority, agency, commission, board or court or other law, rule or regulation making entity having or purporting to have jurisdiction on behalf of any nation, state, province or subdivision thereof, including any municipality or district.

(y) "Governmental Order" means any order, writ, judgment, injunction, decree, stipulation, determination, award, decision, sanction or ruling entered by or with any Governmental Body.

(z) "Hazardous Substance" means, collectively, petroleum, any petroleum product, any radioactive material (including radon gas), explosive or flammable materials, asbestos in any form, urea-formaldehyde foam insulation, and polychlorinated biphenyls, any pollutant, contaminant, waste, hazardous substance, hazardous material, hazardous waste, toxic substance, dangerous substance, dangerous good, restricted hazardous waste, toxic substance or a source of contamination, as defined or identified in any Environmental Law.

(aa) "Indebtedness" as applied to any Person means, without duplication, (i) all indebtedness for borrowed money; (ii) that portion of obligations with respect to leases that is properly classified as a liability on a balance sheet in conformity with ASPE; (iii) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money; (iv) any obligation owed for all or any part of the deferred purchase price of property or services; (v) all indebtedness secured by any Lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person; (vi) the face amount of any letter of credit issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings; (vii) the direct or indirect guaranty, endorsement (otherwise than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of another; (viii) any obligation of such Person the primary purpose or intent of which is to provide assurance to an obligee that the obligation of the obligor thereof will be paid or discharged, or any agreement relating thereto will be complied with, or the holders thereof will be protected (in whole or in part) against loss in respect thereof; (ix) any liability of such Person for an obligation of another through any contractual obligation (contingent or otherwise) (1) to purchase, repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise) or (2) to maintain the solvency or any balance sheet item, level of income or financial condition of another if, in the case of any agreement described under clause (1) or (2) of this sub paragraph (ix), the primary purpose or intent thereof is as described in clause (viii) above; and (x) all obligations of such Person in respect of any exchange traded or over the counter derivative transaction, whether entered into for hedging or speculative purposes. For greater certainty, deferred income taxes shall not be considered Indebtedness and shall be ignored for purposes of any adjustment to the Purchase Price under any part of this Agreement.

(bb) "Cash and Income Tax Adjustment" has the meaning set forth in Section 2.5(e) and means the amount calculated in accordance with the methodology set forth in Schedule 4.3B.

(cc) "IFRS" means International Financial Reporting Standards as defined in the CPA Canadian Handbook – Accounting Part I, as applicable from time to time.

- (dd) “Intellectual Property Rights” has the meaning set forth in Section 5.29.
- (ee) “LCF Directors” means the directors, managers or other persons performing similar functions or duties, of LCF.
- (ff) “LCF Interim Financial Statements” means the unaudited management prepared financial statements of LCF for the interim period ended June 30, 2023.
- (gg) “LCF Financial Statements” means the audited and unaudited financial statements of LCF for the years ended December 31, 2022, 2021 and 2020 and the LCF Interim Financial Statements delivered by LCF and the LCF Shareholders to the Purchaser in connection with the Purchaser’s due diligence review of LCF.
- (hh) “LCF Material Contract” has the meaning set forth in Section 5.23.
- (ii) “LCF Shares” all of the outstanding shares in the capital of LCF issued and outstanding as of the date of execution of this Agreement and as more particularly set out in Schedule 5.11.
- (jj) “LCF Share Equivalents” means any securities of LCF that would entitle the holder thereof to acquire at any time shares in the share capital of LCF, including, without limitation, any debt, preferred shares, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or that otherwise entitles the holder thereof, to receive shares in the share capital of LCF.
- (kk) “Lien” means any lien, charge, pledge, security interest, encumbrance, right of first refusal, preemptive right or other restriction of any sort whatsoever.
- (ll) “Market Price” means \$1.14 or such greater price as may be required under the rules and policies of the TSXV.
- (mm) “Material Adverse Effect” or “Material Adverse Change” means any effect, event, occurrence or change that is materially adverse to (i) the legality, validity or enforceability of any Transaction Documents, (ii) the results of operations, assets, business, prospects or condition (financial or otherwise) of the particular Party, taken as a whole, or (iii) a Party’s ability to perform, in any material respect, its obligations under any Transaction Documents, but not including any effect, event, asset, occurrence or change that results or arises from or relates to any change (iv) in applicable Law, generally accepted accounting principles applicable to the particular Party, or interpretations thereof or (v) to economies in general or the industry in which the particular Party operates.
- (nn) “Material Permits” has the meaning set forth in Section 5.27.
- (oo) “NI 45-102” means Canadian National Instrument 45-102 – *Resale Restrictions*.
- (pp) “NI 45-106” means Canadian National Instrument 45-106 – *Prospectus and Registration Exemptions*.
- (qq) “Non-Competition Agreement” means that non-competition agreement to be entered into by each of [NAMES REDACTED] in favour of the Purchaser and LCF on Closing, which agreement shall be in the form attached as Exhibit A hereto.
- (rr) “Non-Exchange Shares” means the Purchased Shares other than the Exchange Shares and designated as ‘Non-Exchange Shares’ in Schedule 5.11 hereto.
- (ss) [Intentionally deleted.]

- (tt) [Intentionally deleted.]
- (uu) “Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or agency or subdivision thereof) or other entity of any kind.
- (vv) “Proceeding” means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.
- (ww) “Pre-Closing Property Transfer” means the transfer by Gestion of the Additional Lands to LCF prior to the Closing Date.
- (xx) “Pre-Closing Tax Period” means any taxation year or other Tax period ending on or before the Closing or, in the case of a Straddle Period, the portion of a taxation year or other Tax period up to the Closing.
- (yy) “Pre-Closing Transactions” has the meaning set forth in Schedule 5.21.
- (zz) “Purchase Price” has the meaning set forth in Section 2.2.
- (aaa) “Purchased Shares” means the Exchange Shares and the Non-Exchange Shares, collectively.
- (bbb) “Purchaser Shares” has the meaning set forth in Section 2.2.
- (ccc) “Purchaser Financial Statements” means the audited financial statements of the Purchaser for the year ended December 31, 2022 and the unaudited interim financial statements of the Purchaser for any interim period ending after December 31, 2022 and prior to the date of this Agreement and forming part of the Purchaser Public Filings.
- (ddd) “Purchaser Public Filings” means the Purchaser’s filings on the SEDAR filing system for the period beginning January 1, 2021 and ending on the Closing Date.
- (eee) “Raw Material Inventory” means all inventory of LCF other than Finished Goods Inventory.
- (fff) “Real Property” means the real property owned or leased by LCF as set forth in Schedule 5.28.
- (ggg) “Registrar” means the Director appointed pursuant to the *Business Corporations Act* (New Brunswick).
- (hhh) “Remedial Order” means any Governmental Order issued, filed or imposed under any Environmental Law and includes any Governmental Order requiring any remediation or clean-up of any Hazardous Substance, or requiring that any Release or Disposal be reduced or eliminated.
- (iii) “Required Approvals” has the meaning set forth in Section 8.1.
- (jjj) “Sample Cash and Income Tax Calculation Schedule” means Schedule 4.3B attached hereto, which sets out the methodology required to be applied in determining the Cash and Income Tax Adjustment.
- (kkk) “Sample Working Capital Calculation Schedule” means Schedule 4.3A attached hereto, which sets out the methodology required to be applied in determining Working Capital Excluding Inventory, Raw Materials Inventory and Finished Goods Inventory.
- (III) “Securities Authorities” has the meaning set forth in Section 8.5.

(mmm) "Straddle Period" means any taxable period that begins on or before the Closing Date and ends after the Closing Date.

(nnn) "Target Raw Material Inventory" means the audited quantity/level of raw materials of LCF on hand as of December 31, 2022, valued in accordance with Schedule 4.3A attached hereto.

(ooo) "Target Working Capital Excluding Inventory" means \$417,222.00

(ppp) "Tax Act" means the *Income Tax Act* (Canada).

(qqq) "Tax Authority" means any Governmental Body having jurisdiction over the assessment, determination, collection or imposition of any Taxes.

(rrr) "Tax Return" means all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in written, electronic or other form) and any amendments, schedules, attachments, supplements, appendices and exhibits thereto, which have been prepared or filed or are required to be prepared or filed in respect of Taxes.

(sss) "Taxes" includes: (i) any taxes, duties, assessments, imposts, fees, duties, withholdings, levies and other charges of any nature imposed by any Tax Authority and includes all interest, penalties, fines, additions to tax or other additional amounts imposed by any Tax Authority including those levied on, or measured by, or referred to as, income, gross receipts, profits, windfall profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, stamp, excise, withholding, environmental, business, licensing, franchise, property, occupancy, vacancy, employer health, payroll, employment, workers' compensation, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervailing and anti-dumping and all employment insurance, health insurance and Canada, Québec and other government pension plan and other employer plan premiums, contributions or withholdings and all other taxes and similar governmental charges of any kind imposed by any Governmental Authority, and (ii) any liability for the payment of any amounts of the type described in (i) above as a result of any express or implied obligation to indemnify any other Person,

(ttt) "Transaction Documents" means this Agreement, all exhibits and schedules hereto and any other documents or agreements executed in connection with the transactions contemplated hereunder and any documents required by the TSXV, applicable securities legislation relating to this Agreement and other regulatory bodies having jurisdiction to carry out the terms and objectives of this Agreement, including, without limitation, the Non-Competition Agreement.

(uuu) "TSXV" means the TSX Venture Exchange.

(vvv) "Working Capital Excluding Inventory Adjustment" means those adjustments to the Purchase Price set forth in Section 2.5 (a).

(www) "Working Capital Excluding Inventory" means the number obtained by subtracting LCF's Current Liabilities from LCF's Current Assets at the applicable time, each calculated in accordance with ASPE and consistent with the LCF Financial Statements. For purposes of this Agreement:

(i) "Current Liabilities" shall consist of accounts payable, customer deposits, government remittances payable and accrued expenses; and

(ii) "Current Assets" shall consist of accounts receivable, government remittances receivable and prepaid expenses;

(xxx) "Vendor Breach" means any breach by the LCF Shareholders or LCF of any representation, warranty, covenant or other agreement contained in the Transaction Documents or

any failure to Close resulting from any of the conditions set forth in paragraphs (b), (c), (d), (e), (g) or (h) of Section 3.3 failing to be fulfilled or completed at or prior to Closing.

(yyy) "Vendor Representative" means [NAME REDACTED].

(zzz) "Work in Progress Inventory" means components (such as trusses, wall panels and floor joists) manufactured by LCF which have been started but have not yet been completed and included in Finished Goods Inventory at Closing.

1.2. All dollar amounts referred to in this Agreement are in lawful currency of Canada, unless expressly stated otherwise.

1.3. The following schedules are attached to and form part of this Agreement:

Schedule	3.3(h)	Required Consents to be Delivered by LCF and LCF Shareholders
Schedule	4.3A	Sample Working Capital Calculation Schedule
Schedule	4.3B	Sample Cash and Income Tax Calculation Schedule
Schedule	5.11	LCF Capitalization as of the Closing Date
Schedule	5.13	LCF Assumed Debts
Schedule	5.21	LCF Permitted Pre-Closing Transactions
Schedule	5.23	LCF Material Contracts
Schedule	5.24	LCF Litigation
Schedule	5.28	LCF Real Property
Schedule	5.29	LCF Intellectual Property
Schedule	5.31	LCF Related Party Indebtedness
Schedule	5.33	LCF Environmental Matters
Exhibit	A	Non-Competition Agreement
Exhibit	B	Escrow Agreement

2. PURCHASE AND SALE OF SHARES

2.1. Purchase and Sale of Purchased Shares. On the Closing Date and subject to the terms and conditions set forth herein, in consideration for the Purchase Price the LCF Shareholders shall sell, assign and transfer the Purchased Shares to the Purchaser, and the Purchaser shall purchase, acquire and accept the Purchased Shares from the LCF Shareholders as set out in Schedule 5.11 hereto.

2.2. Purchase Price. The total aggregate purchase price payable by the Purchaser for the Purchased Shares shall be the sum of \$26,000,000.00 (the "**Purchase Price**"), subject to the Post-Closing Adjustments, to be allocated among the LCF Shareholders as set out in Schedule 5.11 hereto. On Closing, the Purchaser shall pay the Purchase Price as follows:

(a) Exchange Shares. As consideration for the Exchange Shares, the Purchaser shall issue common shares in the capital of the Purchaser having an aggregate value of \$2,000,000.00 based on the Market Price (the "**Purchaser Shares**").

(b) Non-Exchange Shares. As consideration for the Non-Exchange Shares, the Purchaser shall pay the sum of \$24,000,000.00 (subject to adjustment as set forth in Section 2.3 and 2.5) as follows:

(i) Cash Payment: On Closing, the Purchaser shall pay the sum of \$24,000,000.00, as adjusted by the Closing Cash and Income Tax Adjustment and the Closing Working Capital Excluding Inventory Adjustment (collectively, the "**Cash Payment**"), as follows:

(A) Deposit: The sum of \$1,100,000.00 (the "**Deposit**") previously delivered by the Purchaser to the Escrow Agent, the receipt of which is hereby acknowledged by the LCF Shareholders, to be dealt with as set forth in Section

2.4, which Deposit forms part of the Escrow Amount to be held in escrow subject to the Escrow Agreement.

(B) Additional Escrow Funds: The Purchaser shall pay the sum of \$1,300,000.00 plus 10% of the Closing Cash and Income Tax Adjustment and the Closing Working Capital Excluding Inventory Adjustment in immediately payable funds to the Escrow Account, which sum shall, together with the Deposit, form the “**Escrow Amount**” (for clarity, the total Escrow Amount being \$2,400,000.00 plus 10% of any increase to the Cash Payment resulting from the Cash and Income Tax Adjustment and the Working Capital Excluding Inventory Adjustment). On Closing, the Escrow Amount shall be held by the Escrow Agent in escrow, to be distributed in accordance with the terms of the Escrow Agreement to satisfy adjustments to the Purchase Price on account of the Adjustments, and for no other purpose.

(C) Closing Cash Payment: The Purchaser shall pay the balance of the Cash Payment net of the Deposit and the Escrow Amount to legal counsel for the LCF Shareholders, at the bank account designated in writing by the Vendor Representative at least 5 business days prior to the Closing Date (the “**Closing Cash Payment**”).

(ii) [Intentionally deleted.]

2.3. Closing Adjustments. That portion of the Purchase Price payable in cash for the Non-Exchange Shares at Closing as set forth in Section 2.2(b)(i) shall be subject to the following adjustments, such adjustments to increase or decrease the Cash Payment payable at Closing on a dollar for dollar basis:

(a) Closing Cash and Income Tax Adjustment. The Cash Payment shall be increased by cash and income taxes receivable and/or income tax instalments paid and shall be decreased by income taxes payable, each as set forth in the LCF Interim Financial Statements.

(b) Closing Working Capital Excluding Inventory Adjustment. If Working Capital Excluding Inventory calculated based on the LCF Interim Financial Statements:

(i) Exceeds the Target Working Capital Excluding Inventory, then the Cash Payment shall be increased by the amount of such excess.

(ii) Is less than the Target Working Capital Excluding Inventory, then the Cash Payment shall be decreased by the amount of such deficiency.

2.4. Deposit: The Deposit shall be held by the Escrow Agent under the Escrow Agreement, and shall be distributed as follows:

(a) If the Closing does not occur for any reason other than a Vendor Breach, the Deposit, together with any and all interest thereon, shall be released to the LCF Shareholders in full as liquidated damages, as compensation and not a penalty, the parties hereby acknowledging and agreeing that any harm or actual damages caused by the Purchaser’s failure to close would be impossible or difficult to accurately estimate, and that the Deposit, as liquidated damages, is a reasonable estimate of the anticipated or actual harm or actual damages that might arise from the Purchaser’s failure to close. Release of the Deposit as payment of liquidated damages shall be the Purchaser’s sole liability and entire obligation, and the LCF Shareholders’ and LCF’s sole remedy, for the Purchaser failing to close.

(b) If the Closing does not occur due to a Vendor Breach, the Deposit, together with any and all interest thereon, shall be returned to the Purchaser in full.

2.5. Post-Closing Adjustments to Purchase Price.

- (a) Working Capital Excluding Inventory Adjustment: If, as of the Closing Date:
- (i) The Working Capital Excluding Inventory is **greater than** the Target Working Capital Excluding Inventory, the aggregate Purchase Price payable by the Purchaser to the LCF Shareholders will be **increased** on a dollar-for-dollar basis by the amount by which the Working Capital Excluding Inventory is greater than Target Working Capital Excluding Inventory; and
 - (ii) The Working Capital Excluding Inventory as of the Closing Date is **less than** Target Working Capital Excluding Inventory, the aggregate Purchase Price payable by the Purchaser to the LCF Shareholders will be **decreased** on a dollar-for-dollar basis by the amount by which the Working Capital Excluding Inventory is less than Target Working Capital Excluding Inventory;
- (b) Raw Material Inventory Adjustments: If, as of the Closing date:
- (i) The Raw Material Inventory is **greater than** the Target Raw Material Inventory, the Purchase Price shall be **increased** on a dollar-for-dollar basis by the difference between the Target Raw Material Inventory and the Raw Material Inventory, multiplied by their respective prices in accordance with LCF's accounting policies and ASPE, which is noted as the lower of First-In First-Out ("FIFO") or net realizable value. Any FIFO valuation will use the weighted average basis applied to the quantities of inventory as detailed in Schedule 4.3A ; or
 - (ii) The Raw Material Inventory is **less than** the Target Raw Material Inventory, the Purchase Price shall be **decreased** on a dollar-for-dollar basis by the difference between the Target Raw Material Inventory and the Raw Material Inventory, multiplied by their respective prices in accordance with LCF's accounting policies and ASPE, which is noted as the lower of FIFO or net realizable value. Any FIFO valuation will use the weighted average basis applied to the quantities of inventory as detailed in Schedule 4.3A.
- (c) Work In Progress Inventory Adjustment: Work In Progress Inventory at Closing shall be valued as set out in Schedule 4.3A and added to the Purchase Price on a dollar-for-dollar basis.
- (d) Finished Goods Inventory: Finished Goods Inventory at Closing shall be valued as set out in Schedule 4.3A and added to the Purchase Price on a dollar-for-dollar basis.
- (e) Cash and Income Tax Adjustment: The Purchase Price shall be adjusted as follows in accordance with the Schedule 4.3B (the "**Cash and Income Tax Adjustment**"):
- (i) Any cash on hand at Closing shall increase the Purchase Price on a dollar for dollar basis;
 - (ii) Any corporate income tax instalments paid in excess of the actual calculated corporate income tax debts shown in the Closing Balance Sheet shall increase the Purchase Price and any shortfall shall decrease the Purchase Price, both on a dollar-for-dollar basis.
- (f) Allocation of Post-Closing Adjustments. Any increase in the Purchase Price as a result of the Post-Closing Adjustments described in Section 2.5(a) to (e) shall be allocated to the Class A Common Shares in the capital stock of LCF.
- (g) Timing of Adjustments, Calculations and Payment: Calculation and payment of the Post-Closing Adjustments pursuant to this Section 2.5 shall be made after Closing as set forth in Section 4.3.

(h) Pre-Closing Transactions. For clarity, the Post-Closing Adjustments shall include the Pre-Closing Transactions to the extent that the Pre-Closing Transactions are not reflected in the LCF Interim Financial Statements.

2.6. Exchange Shares and Parent Purchaser Shares: The Purchaser, 745735 N.B. Inc., 745733 N.B. Inc. and 745730 N.B. Inc. intend that the sale, assignment and transfer of the Exchange Shares to the Purchaser be made on a tax deferred basis pursuant subsection 85.1 of the Tax Act.

3. CONDITIONS PRECEDENT TO CLOSING

3.1. Mutual Conditions Precedent. The respective obligations of the Purchaser, LCF and the LCF Shareholders to complete the transactions contemplated in this Agreement are subject to the fulfilment, at or prior to Closing, of the following:

(a) All securities regulatory authorities having jurisdiction with respect to this Agreement and the transactions contemplated herein, including, but not limited to the TSXV, shall have approved such Agreement and such transactions.

(b) If required by any applicable law or securities regulatory authority having jurisdiction with respect to this Agreement and the transactions contemplated herein, including, but not limited to, the TSXV, the shareholders of the Purchaser shall have approved the transactions contemplated in this Agreement; and

(c) There shall have been no action taken under any applicable law or by any Governmental Body which makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits or would otherwise have a Material Adverse Effect on the completion of the transactions contemplated in this Agreement.

3.2. The conditions precedent in Section 3.1 are for the mutual benefit of the Purchaser and the LCF Shareholders and may be waived, in whole or in part, at any time by the Purchaser and the LCF Shareholders, such waiver being without prejudice to any other right that any party may have. In the event any of the foregoing conditions contained in Section 3.1 are not fulfilled or performed at or before the Closing Date to the reasonable satisfaction of both the Purchaser and the LCF Shareholders, either of the Purchaser or the LCF Shareholders may terminate this Agreement by written notice to the other and in such event, subject to Section 2.4 or unless otherwise specifically set forth in this Agreement, each of the Purchaser, LCF and the LCF Shareholders shall be released from all further obligations hereunder.

3.3. Conditions Precedent to Purchaser Obligations. All of the obligations of the Purchaser to complete the transactions contemplated in this Agreement are subject to the fulfilment, at or prior to Closing, of the following conditions:

(a) [Intentionally deleted.]

(b) The representations and warranties of the LCF Shareholders contained in this Agreement shall be, in all material respects, true and correct when made and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of such date;

(c) LCF and the LCF Shareholders shall have performed and complied in all material respects with all of their respective covenants and obligations required to be performed prior to Closing;

(d) At Closing, there shall have been no Material Adverse Change in the affairs, assets, liabilities or financial condition of LCF or the Business, taken as a whole;

(e) At Closing, each of LCF and the LCF Shareholders shall have delivered those items set forth in Section 4.2(a) of this Agreement;

(f) The Purchaser shall have obtained equity or commercial debt financing, or any combination thereof, in an amount greater than or equal to the Cash Payment portion of the Purchase Price on such terms and conditions as are acceptable to the Purchaser, acting reasonably;

(g) Prior to or at Closing or pursuant to typical solicitor's undertakings given by the solicitor for LCF Shareholders to the Purchaser's solicitors, the LCF Shareholders shall have caused or shall cause all Liens on or relating to any of the assets of LCF to be released, extinguished and discharged in full other than any Liens created in connection with this Agreement or the transactions contemplated by this Agreement;

(h) LCF and the LCF Shareholders shall have delivered to the Purchaser the written consent of each of those persons set forth in Schedule 3.3(h) to the transactions contemplated in this Agreement, including, without limitation, the transfer and sale of the Purchased Shares from the LCF Shareholders to the Purchaser;

3.4. The conditions precedent in Section 3.3 are for the benefit of the Purchaser and may be waived, in whole or in part, at any time by the Purchaser, such waiver being without prejudice to any other right that any party may have. In the event any of the foregoing conditions contained in Section 3.3 are not fulfilled or performed at or before the Closing Date to the reasonable satisfaction of the Purchaser, the Purchaser may terminate this Agreement by written notice to LCF and the LCF Shareholders and in such event, subject to Section 2.4 or unless otherwise specifically set forth in this Agreement, each of the Purchaser, LCF and the LCF Shareholders shall be released from all further obligations hereunder.

3.5. Conditions Precedent to LCF and LCF Shareholders Obligations. All of the obligations of LCF and the LCF Shareholders to complete the transactions contemplated in this Agreement are subject to fulfilment, at or prior to Closing, of the following conditions:

(a) The representations and warranties of the Purchaser contained in this Agreement shall be, in all material respects, true and correct when made and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of such date;

(b) The Purchaser shall have performed and complied in all material respects with all of its covenants and obligations required to be performed prior to Closing;

(c) At Closing, the Purchaser shall have delivered those items set forth in Section 4.2(b) of this Agreement.

3.6. The conditions precedent in Section 3.5 are for the benefit of LCF and the LCF Shareholders and may be waived, in whole or in part, at any time by LCF and the LCF Shareholders, such waiver being without prejudice to any other right that any party may have. In the event any of the foregoing conditions contained in Section 3.5 are not fulfilled or performed at or before the Closing Date to the reasonable satisfaction of LCF or the LCF Shareholders, any of LCF or the LCF Shareholders may terminate this Agreement by written notice to the other and in such event, subject to Section 2.4 or unless otherwise specifically set forth in this Agreement, each of the Purchaser, LCF and the LCF Shareholders shall be released from all further obligations hereunder.

4. CLOSING ARRANGEMENTS

4.1. Closing. Closing shall take place on the Closing Date at the offices of legal counsel to LCF and the LCF Shareholders and at such time as agreed to by the LCF Shareholders and the Purchaser or on such other date or at such other time or place as the LCF Shareholders and the Purchaser may mutually agree.

4.2. Closing Deliveries.

(a) LCF and LCF Shareholders Deliveries. On or prior to the Closing Date, LCF and the LCF Shareholders shall deliver, or cause to be delivered, the following to the Purchaser:

- (i) Share certificates representing all of the Purchased Shares, duly endorsed in blank for transfer or by way of duly executed instruments of transfer;
- (ii) A copy of each of the constating documents of LCF, certified by the LCF Shareholders in their personal capacities;
- (iii) Employment agreements between LCF and each of *[NAMES REDACTED]* in the form and substance settled between the Purchaser and each such employee prior to execution of this Agreement;
- (iv) The Non-Competition Agreement, duly executed by each of *[NAMES REDACTED]*;
- (v) If required pursuant to subsection 7.3(c), the joint election pursuant to section 56.4 of the Tax Act, prepared by the LCF Shareholders;
- (vi) [Intentionally deleted];
- (vii) [Intentionally deleted];
- (viii) [Intentionally deleted];
- (ix) [Intentionally deleted];
- (x) A certificate, or the equivalent, as to the corporate good standing of LCF, issued by the Registrar, dated not more than five business days prior to the Closing Date;
- (xi) A certificate as to the incumbency and signatures of each of the directors and officers of LCF and of the LCF Shareholders;
- (xii) Written consents provided by each of the parties set forth in Schedule 3.3(h) as to the transactions contemplated hereby;
- (xiii) Full and complete releases in favour of LCF executed by the LCF Shareholders in respect of any and all amounts due or owing by LCF to the LCF Shareholders, or any liabilities of LCF to the LCF Shareholders, which releases shall be in a form reasonably acceptable to the Purchaser and the LCF Shareholders;
- (xiv) A copy, certified by the LCF Shareholders to be true and complete as of the Closing Date, of the records of all corporate action taken to authorize the execution, delivery and performance of this Agreement by LCF and the transactions contemplated hereby;
- (xv) A copy, certified by a duly authorized officer of any LCF Shareholders that are not individuals to be true and complete as of the Closing Date, of the records of all corporate action taken to authorize the execution, delivery and performance of this Agreement by such LCF Shareholder and the transactions contemplated hereby;
- (xvi) A certificate executed by the LCF Shareholders dated as of the Closing Date to the effect that the representations and warranties made by the LCF Shareholders in this Agreement are true and correct in all material respects and that the LCF Shareholders have performed and complied in all material respects with their respective covenants and obligations required to be performed prior to Closing;

(xvii) A joint direction to pay setting out the flow of funds on Closing executed by the LCF Shareholders;

(xviii) An opinion of legal counsel to LCF and the LCF Shareholders regarding various legal matters related to the transactions contemplated herein, in a form reasonably acceptable to the Purchaser and its legal counsel and to counsel to LCF and the LCF Shareholders; and

(xix) Sequential resignations and resolutions such that the following persons will be appointed as the sole directors and officers of LCF immediately following Closing:

NAME	POSITION
Mohammad Hadi Abassi	Director and President
Melissa Macrae	Director, Secretary and Treasurer

(b) Purchaser Deliveries.

(i) On or prior to the Closing Date, the Purchaser shall deliver or cause to be delivered the following to LCF and the LCF Shareholders;

(A) Payment of the full amount of the Closing Cash Payment as set forth in Section 2.2(b)(i)(C) by solicitor's trust cheque, bank draft or wire transfer to legal counsel for the LCF Shareholders, at the bank account designated in writing by the Vendor Representative at least 5 business days prior to the Closing Date;

(B) Payment of the balance of the Escrow Amount, net of the Deposit, by solicitor's trust cheque, bank draft or wire transfer to the Escrow Agent as directed by the Escrow Agent

(C) The Purchaser Shares;

(D) [Intentionally deleted];

(E) [Intentionally deleted];

(F) [Intentionally deleted];

(G) The Non-Competition Agreement, duly executed by the Purchaser;

(H) If required pursuant to subsection 7.3(c), the joint election pursuant to section 56.4 of the Tax Act, prepared by the LCF Shareholders;

(I) A certificate as to the incumbency and signatures of each of the officers of the Purchaser executing the Transaction Documents;

(J) A copy, certified by a duly authorized officer of the Purchaser to be true and complete as of the Closing Date, of the records of all corporate action taken to authorize the execution, delivery and performance of this Agreement by the Purchaser and the transactions contemplated hereby, including, if necessary, the approval of the Purchaser of this Agreement and the transactions contemplated hereby;

(K) A certificate executed by a duly authorized officer of the Purchaser dated as of the Closing Date to the effect that the representations and warranties made by the Purchaser in this Agreement are true and correct in all material respects

that the Purchaser has performed and complied in all material respects with its covenants and obligations required to be performed prior to Closing;

(L) A joint direction to pay setting out the flow of funds on Closing executed by the LCF Shareholders; and

(M) An opinion of legal counsel to the Purchaser regarding various legal matters related to the transactions contemplated herein, in a form reasonably acceptable to LCF and its legal counsel; and

4.3. Post-Closing Adjustments to Purchase Price.

(a) Upon Closing, LCF will, and the Purchaser and the LCF Shareholders will cause LCF to, cause LCF's accountants, specifically [NAME REDACTED], to, on or before the date that is up to sixty (60) days following the Closing Date, prepare and deliver to the Purchaser and the Vendor Representative an unaudited balance sheet for LCF as of the close of business the day before the Closing Date (the "Closing Balance Sheet") and all tax returns required by law to be filed for any taxation year or fiscal period, as applicable, of LCF ending on or before the Closing Date (including taxation years or periods for which tax returns are not required to be filed until after the Closing Date, which includes the year-end of LCF deemed by the Tax Act to occur upon consummation of the transactions set forth herein) (the "Closing Income Tax Returns"). The Closing Balance Sheet shall be prepared on a compilation engagement basis under CSRS 4200 in accordance with ASPE, on a basis consistent with the manner of preparation of the LCF Financial Statements, on a compilation engagement basis, which balance sheet shall be used as a basis for the Post-Closing Adjustments in accordance with the methodology set out in the Sample Working Capital Calculation (Schedule 4.3A) and in the Sample Cash and Income Tax Calculation (Schedule 4.3B). Notwithstanding any other provisions of this Agreement and in accordance with the Sample Working Capital Calculation Schedule, the Parties have agreed that for the purpose of the Sample Working Capital Calculation Schedule and the value of inventory on the Closing Date, the value of Finished Goods Inventory will be equal to their sale value (as opposed to cost value). After receipt of the Closing Balance Sheet, calculation of the Post-Closing Adjustments to be made based thereon and in accordance with the methodology set forth in the Sample Working Capital Calculation Schedule and the Sample Cash and Income Tax Calculation Schedule and the Closing Income Tax Returns, the Purchaser and the Vendor Representative shall have thirty (30) days to review the submitted documents (the "Initial Review Period"), which Closing Balance Sheet shall take into consideration the income tax liability resulting from the Closing Income Tax Returns. Within the Initial Review Period, LCF shall make available to the Purchaser and the Vendor Representative copies of all supporting documentation, working papers, invoices and other information as may reasonably be required to verify the Closing Balance Sheet, the Closing Income Tax Return, and the calculation of the Post-Closing Adjustments. If during the Initial Review Period, the Purchaser or the Vendor Representative (as applicable, the "Disputing Party") disputes the amount of the Post-Closing Adjustments, the Disputing Party shall be entitled, by written notice to the other of the Purchaser or the Vendor Representative that is not the Disputing Party (the "Non-Disputing Party"), to dispute the calculation of the Post-Closing Adjustments as set forth in the Closing Balance Sheet (a "Dispute Notice"), which notice shall (i) set forth in reasonable detail the reasons for the Disputing Party's disagreement, (ii) the Disputing Party's own calculation of the amounts in dispute, and (iii) in the case of the Purchaser as Disputing Party, be executed by the Purchaser and, in the case of the Vendor Representative as Disputing Party, be executed by the Vendor Representative. The Non-Disputing Party shall have 10 business days after the receipt of a Dispute Notice (the "Negotiation Period") to review the disputed amount. If the Disputing Party and the Non-Disputing Party are unable to agree on the adjustments to be made to the amounts in dispute as set forth in the Dispute Notice within the Negotiation Period, then such disputed items will be referred immediately thereafter to MNP Moncton (the "Auditor"), provided the Auditor is independent of and has no business dealings with any of the Purchaser, the LCF Shareholders or LCF. If the Auditor can not be considered independent, then the Purchaser and the LCF Shareholders shall appoint another independent firm of chartered professional accountants to act as Auditor. The Auditor shall have thirty (30) days from the date of its appointment to provide to

the parties hereto its written determination and calculation of the Post-Closing Adjustments. The fees and expenses of the Auditor for reviewing and revising the amounts in dispute will be paid by the Disputing Party, unless the Auditor determines that the Post-Closing Adjustments as at the Closing Date are increased or decreased by an amount equal to or more than the greater of (A) 10% of the amount originally set forth in the Closing Balance Sheet and (B) \$10,000, in which case the Purchaser and the LCF Shareholders shall bear the Auditors' fees equally. The determination of the Post-Closing Adjustments by the Auditor shall be final and binding on the parties. If the parties do not dispute in writing the original calculation of the Post-Closing Adjustments within the Initial Review Period, or if the parties mutually agree to settle such dispute within the Negotiation Period, such calculation of the Post-Closing Adjustments shall be final and binding on the parties.

(b) [Intentionally deleted.]

(c) Within ten (10) business days after a final determination of the Post-Closing Adjustments is made as set forth in Section 4.3(a):

(i) If the Post-Closing Adjustments result in an increase to the Purchase Price, the Purchaser and the LCF Shareholders shall instruct the Escrow Agent to release the Escrow Amount to the LCF Shareholders, and the Purchaser shall forthwith pay to the LCF Shareholders the balance of any amounts owing to the LCF Shareholders in respect of such increase to legal counsel for the LCF Shareholders, by solicitor's trust cheque, bank draft or wire transfer, at the bank account designated in writing by the Vendor Representative;

(ii) If the Post-Closing Adjustments result in a decrease to the Purchase Price, the Purchaser and the LCF Shareholders shall instruct the Escrow Agent to deduct from the Escrow Amount the amount of such deficiency (the "Adjustment Deficiency") and to release (A) to the Purchaser the Adjustment Deficiency, and (B) to the LCF Shareholders the remaining balance of the Escrow Amount. In the event that the Adjustment Deficiency is greater than the Escrow Amount: (A) the Purchaser and the LCF Shareholders shall instruct the Escrow Agent to release the full amount of the Escrow Amount to the Purchaser, and (B) if the Adjustment Deficiency exceeds the sum of the Escrow Amount, the LCF Shareholders shall pay to the Purchaser the remaining balance of the Adjustment Deficiency in excess of such amounts to the Purchaser by solicitor's trust cheque, bank draft or wire transfer. The LCF Shareholders shall be jointly and severally liable to the Purchaser for payment of the Adjustment Deficiency; and

(iii) For greater certainty, all adjustments to the Purchase Price pursuant to this Section 4.3 shall be allocated to that portion of the Purchase Price attributable to the Non-Exchange Shares.

4.4. Further Actions. Each party to this Agreement covenants and agrees that, from time to time prior to and subsequent to Closing, he, she or it will execute and deliver all such documents, including all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as may be necessary or desirable in order to carry out the purposes of this Agreement.

4.5. Tax Matters. On or before the applicable statutory due dates, LCF will, and the Purchaser and the LCF Shareholders will cause LCF's accountants, to file, on behalf of and in the name of LCF, all Closing Income Tax Returns, provided that:

(a) where in accordance with applicable law, all such Closing Income Tax Returns will be consistent with the Closing Balance Sheet; and

(b) prior to filing any such Closing Income Tax Returns and at the same time as the Closing Balance Sheet is provided to the Purchaser's Representative, the Vendor Representative will first supply a draft copy of the Closing Income Tax Returns to the Purchaser and the Purchaser will provide comments on the Closing Income Tax Return to the Vendor Representative. If agreed to

by the Vendor Representative, acting reasonably, the Vendor Representative will incorporate such comments in the final version of the Closing Income Tax Returns and the resulting tax liability or refund will be incorporated in the preparation of the Closing Balance Sheet and resulting computation of the adjustment provided under Subsection 2.4(c).

(c) Purchaser shall promptly notify the LCF Shareholders following receipt by LCF after Closing of any notice of the commencement (or proposed commencement) by a Taxing Authority of an audit or other proceeding in respect of any income Tax Return (a “**Tax Contest**”) for any Pre-Closing Tax Period. Purchaser shall have the right to control the defense, compromise or other resolution of any Tax Contest, provided that (i) to the extent any Tax Contest relates to a material amount of Taxes for any Pre-Closing Tax Periods, which Taxes are to be indemnified by the LCF Shareholders under this Agreement, the LCF Shareholders shall, at their own expense, have the right to participate in any such Tax Contest, and (ii) Purchaser shall not settle or compromise any such Tax Contest without the written consent of the LCF Shareholders (such consent (A) to be provided by the Vendor Representative in accordance with Section 10.1, and (B) not to be unreasonably withheld, conditioned or delayed).

(d) For greater certainty, since the adjustments to the Purchase Price contemplated herein are based on the Closing Balance Sheet, and the Closing Balance Sheet must report any income taxes owing or receivable based on the Closing Income Tax Returns, the Closing Income Tax Returns shall be approved by both parties prior to, or at the same time as, the parties agree to the Closing Balance Sheet.

(e) Straddle Period Allocation. In the case of any Straddle Period, the amount of any income or withholding Taxes or Taxes based on gross or net receipts, sales or payroll for the Pre-Closing Tax Period shall be determined based on an interim closing of the books of LCF as of the close of business on the Closing Date (and for such purpose, the taxable period of any partnership or other pass-through entity shall be deemed to terminate at such time) and the amount of other Taxes for a Straddle Period that relates to the Pre-Closing Tax Period shall be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the Straddle Period ending on the Closing Date and the denominator of which is the total number of days in such Straddle Period.

5. COVENANTS, REPRESENTATIONS AND WARRANTIES OF THE LCF SHAREHOLDERS

Each of the LCF Shareholders hereby jointly and severally covenant, represent and warrant with and to the Purchaser as follows, and acknowledges that the Purchaser is relying on such covenants, representations and warranties in connection with the purchase of the Purchased Shares:

5.1. Ownership of LCF Shares. The LCF Shareholder owns that number of LCF Shares set forth next to its name in Schedule 5.11 hereto, as the sole beneficial and recorded owner thereof, with good and marketable title thereto, free and clear of all mortgages, liens, charges, security interests, adverse claims, pledges, encumbrances and demands whatsoever, with full right, power and authority to sell, transfer and deliver the same to the Purchaser upon Closing, and such LCF Shares are not subject to any shareholder agreement, voting trust agreement or similar agreement.

5.2. Capacity – Individuals. The LCF Shareholder, if an individual, is of legal capacity and age, and has all necessary power and authority to enter into this Agreement and to carry out his or her obligations under this Agreement.

5.3. Pre-Emptive Rights. No Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option for the purchase from the LCF Shareholders of any of the LCF Shares held by it.

5.4. Capacity, Authority and Enforcement - Entities. The LCF Shareholder, if an entity other than an individual, is duly organized or formed, validly existing and in good standing under the laws of the jurisdiction

of its organization or formation, and has the requisite power and authority to enter into and consummate the transactions contemplated by this Agreement and each of the other Transaction Documents and otherwise to carry out its obligations hereunder and thereunder, each of which has been duly authorized by all necessary action on the part of the LCF Shareholder, and no further action is or will be required by the LCF Shareholder or any of its directors, officers, shareholders, trustees or other persons in connection herewith or therewith. This Agreement and the other Transaction Documents to which it is a party has been and will be duly executed by the LCF Shareholder, and when delivered by the LCF Shareholder in accordance with the terms hereof, will constitute the valid and legally binding obligation of the LCF Shareholder, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

5.5. No Further Rights to LCF Shares. The LCF Shareholder has no right or claims whatsoever to any shares in the capital of, or any other equity or ownership interest in, LCF other than those LCF Shares set forth next to its name in Schedule 5.11 hereto, and does not have any options, warrants, or any other instruments or rights entitling the LCF Shareholder to exercise, purchase, convert or otherwise acquire any shares in the capital of, or any other equity or ownership interest in, LCF.

5.6. No Conflicts – LCF Shareholders. The execution and delivery of the Transaction Documents and the consummation of the transactions contemplated hereby or thereby will not, in any material respect:

(a) Violate, be in conflict with, result in any breach of, constitute a default, or cause the acceleration of any obligation of the LCF Shareholders, under:

(i) Any agreement, instrument, license, permit or authority to which the LCF Shareholder is, or is entitled to be, a party or to which the LCF Shares are subject,

(ii) Any judgment, decree, order, statute, rule or regulation applicable to the LCF Shareholder,

(iii) Any provision of law or regulation of any Governmental Body or any judicial or administrative order, award, judgment or decree applicable to the LCF Shareholder, or

(iv) Any provision of the constating documents, articles, by-laws, shareholders agreement, partnership agreement, resolutions, or other governing documents of the LCF Shareholders, if not an individual,

(b) Result in the creation of any Lien upon any or all of the LCF Shares under any agreement or instrument whatsoever; or

(c) Give to any person any material interest or rights that have not been waived prior to the date hereof, including pre-emptive or preferential rights of purchase of any part or all of the LCF Shares, or any right of termination, cancellation or acceleration under any agreement, instrument, license, permit or authority referred to in Section 5.6(a)(i);

5.7. Filings, Consents and Approvals – LCF Shareholders. No permits, licenses, certifications, approvals, consents, or other action of a Governmental Body is required for the execution, delivery or performance by the LCF Shareholder of the Transaction Documents or the transactions contemplated hereby or thereby.

5.8. Residency – LCF Shareholders. None of the LCF Shareholders is a non-resident of Canada within the meaning of the Tax Act.

5.9. Organization and Qualification. LCF is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, with the

requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. LCF is neither in violation nor in default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. LCF is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in a Material Adverse Effect and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

5.10. Subsidiaries, Partnerships and Joint Ventures. LCF does not have any subsidiaries or agreements of any nature to acquire any subsidiary or to acquire or lease any other business operations and will not prior to the Closing Date acquire, or agree to acquire, any subsidiary or business without the prior written consent of the Purchaser. LCF is not a partner or a participant in any partnership, joint venture, profit sharing arrangement or other association of any kind, including as a beneficiary or trustee in any trust arrangement and is not party to any agreement under which LCF agrees to carry on any part of its business or any other activity in such manner or by which LCF agrees to any revenue or profit sharing arrangement.

5.11. Capitalization. The capitalization of LCF is as set forth on Schedule 5.11, and Schedule 5.11 sets forth the number of LCF Shares and LCF Share Equivalents owned beneficially, and of record, by the LCF Shareholders as of the date hereof. Except as set forth on Schedule 5.11, LCF has not issued any capital stock. No Person has any right of first refusal, preemptive right, right of participation, or any similar right granted by LCF to participate in the transactions contemplated by the Transaction Documents. Except as set out in Schedule 5.11, there are no outstanding options, warrants, scrip rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire any shares in the capital stock, or contracts, commitments, understandings or arrangements by which LCF is or may become bound to issue additional shares in the capital stock of LCF or LCF Share Equivalents. The consummation of the transactions contemplated under the Transaction Documents will not obligate LCF to issue interests in the share capital of LCF or other securities to any Person (other than the Purchaser) and will not result in a right of any holder of LCF securities to adjust the exercise, conversion, exchange or reset price under any of such securities. All of the outstanding shares of LCF 's share capital are duly authorized, validly issued, fully paid and non-assessable, have been issued in compliance with all applicable laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. On the Closing Date no further approval or authorization of any shareholder, the LCF Directors or others will be required to complete the transactions contemplated under the Transaction Documents. There are no shareholder agreements, voting agreements or other similar agreements with respect to LCF's share capital to which LCF or the LCF Shareholders is a party.

5.12. Shareholder Loans. There are no shareholder loans outstanding or any other outstanding indebtedness or liabilities owed or payable by LCF to the LCF Shareholders.

5.13. Outstanding Liabilities/Mortgage. Other than (i) trade payables incurred by LCF in the ordinary course of operating the Business that are unsecured and not overdue by more than six (6) months (unless being contested in good faith) and (ii) those liabilities specifically set forth in Schedule 5.13 (the "Assumed Debts"), LCF has, or will at Closing have, no outstanding Indebtedness.

5.14. Authorization; Enforcement. LCF has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and each of the other Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. On the Closing Date, the execution and delivery of each of this Agreement and the other Transaction Documents by LCF and the consummation by it of the transactions contemplated hereby and thereby will be duly authorized by all necessary action on the part of LCF and no further action will be required by LCF, the LCF Directors or the LCF Shareholders in connection herewith or therewith other than in connection with the Required Approvals. This Agreement, and each other Transaction Document to which LCF is a party, has been (or upon delivery will have been) duly executed by LCF and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of LCF enforceable against LCF in

accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

5.15. No Conflicts. The execution, delivery and performance by LCF of this Agreement and the other Transaction Documents to which it is a party and the consummation by it of the transactions contemplated hereby and thereby do not and will not: (i) conflict with or violate any provision of LCF 's certificate or articles of incorporation, bylaws or other organizational or charter documents, (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of LCF, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a LCF debt or otherwise) or other understanding to which LCF is a party or by which any property or asset of LCF is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which LCF is subject (including federal and state securities laws and regulations), or by which any property or asset of LCF is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

5.16. Filings, Consents and Approvals. LCF is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by LCF of the Pre-Closing Property Transfer or Transaction Documents, other than consents, waivers, authorizations, orders, notices, filings or registrations necessary in connection with the Required Approvals.

5.17. Books and Records. The books and records of LCF fairly and correctly set out and disclose in all material respects, in accordance with Canadian generally accepted accounting principles applicable to private enterprises, the financial position of LCF as at the date hereof, and all material financial transactions of LCF relating to the Business have been accurately recorded in such books and records.

5.18. Corporate Records. The corporate records and minute books of LCF contain complete and accurate copies of their respective constituting documents, minutes of all meetings and resolutions of the directors or managers (including any committees thereof) and shareholders of LCF, respectively, and the share certificate books, register of shareholders, register of transfers and register of directors or managers of LCF are complete and accurate in all material respects.

5.19. Officers and Directors. The officers and directors of LCF are as follows:

<u>Name</u>	<u>Position</u>
Giles Chouinard	Director and President
Anik Chouinard	Director and Secretary
Maurice Chouinard	Director and Vice-President
Daniel Chouinard	Director and Treasurer

5.20. LCF Financial Statements. The LCF Financial Statements will have been prepared in accordance with ASPE consistently applied, and fairly present in all material respects the financial condition of LCF at the respective dates indicated and the results of operations of LCF for the periods covered. . Except as disclosed in the LCF Financial Statements, as of the date hereof, LCF will not have any liability or obligation (including, without limitation, liabilities or obligations to fund any operations or work or exploration program, to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, or any related party transactions or off-balance sheet transactions not reflected in the LCF Financial Statements, except liabilities and obligations incurred in the ordinary and regular course of business since the date of the LCF Financial Statements, which liabilities or obligations would not reasonably be expected to have a Material Adverse Effect on LCF

5.21. No Material Changes. Since the date of the LCF Financial Statements, the Business has been carried on in the normal course and:

(a) except as set forth in Schedule 5.21, no dividend or other distribution on any shares in the capital of LCF has been made, declared or authorized and LCF has neither purchased nor redeemed nor agreed to purchase or redeem any of the shares in its capital;

(b) except as set forth in Schedule 5.21, no payment of any kind has been made or authorized to or on behalf of any of the LCF Shareholders or to or on behalf of officers, directors or shareholders of LCF; and LCF has not paid or agreed to pay any compensation, pension, bonus, share of profits or other benefit to, or for the benefit of, any employee, director or officer of LCF except in the ordinary course of business and has not increased or agreed to increase the compensation of any director, officer or management employee except in the ordinary course of business;

(c) there has not been any material adverse change in the financial position or condition of LCF or any damage, loss or other material adverse change in circumstances affecting LCF 's Business or its right or capacity to carry on business;

(d) except as set forth in Schedule 5.21, LCF has not transferred, assigned, sold or otherwise disposed of any of its assets except in the ordinary course of business and has not mortgaged, pledged, subjected to lien, granted a security interest in or otherwise encumbered any of its assets;

(e) has not discharged or satisfied any Lien or paid any obligation or liability (fixed or contingent) other than liabilities included in the LCF Financial Statements and liabilities incurred since the date of the LCF Financial Statements in the ordinary course of business;

(f) LCF has not suffered an extraordinary loss, or waived any rights of material value, or entered into any material commitment or transaction not in the ordinary course of business;

(g) LCF has not incurred or assumed any obligation or liability (fixed or contingent), except secured and unsecured current obligations and liabilities incurred in the ordinary course of business;

(h) there has been no (A) hiring or promoting of any employees or consultants of LCF except to fill vacancies in the normal course of operating the Business or the engagement of consultants, legal counsel and other advisors in connection with the purchase and sale of the Purchased Shares as contemplated herein and the transaction(s) set forth in Schedule 5.21, and (B) material adoption or modification of any employment, severance, retention or similar agreements with any current or former employees, officers, directors or consultants of LCF, whether written or oral, other than adoptions or modifications required in the normal course of operating the Business; and

(i) except as set forth in Schedule 5.21, since the date of the LCF Interim Financial Statements, LCF has not used, distributed or otherwise paid any cash except in connection with the normal course operation of the Business, and, without limiting the generality of the foregoing, no cash has been distributed by LCF to any of the LCF Shareholders other than as payment for salaries or wages payable in the normal course of operating the Business.

5.22. Sole Business. The Business is the only business which has been or is currently conducted by LCF.

5.23. Material Contracts and Capital Commitments. Schedule 5.23 sets forth the material agreements, contracts, mortgages, indentures and leases to which LCF is a party or to which it is bound or which Gestion is a party or to which it is bound in respect of the Additional Lands (each, a "LCF Material Contract" and collectively, the "LCF Material Contracts"). Each LCF Material Contract is valid and binding and is in full force and effect, and LCF or Gestion has not, nor to LCF or the LCF Shareholders's knowledge has any third party, breached any material provision of, or is in default under the terms of, any such LCF Material Contract.

5.24. Litigation. Except as disclosed in Schedule 5.24, there is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of LCF or the LCF Shareholders, threatened against or affecting LCF or any of its properties or the Additional Lands before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an “Action”) which (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the transactions contemplated therein or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. Neither LCF nor any director or officer thereof is or has been the subject of any Action involving a claim of violation of or liability under applicable securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of LCF and the LCF Shareholders, there is not pending or contemplated, any investigation by any Governmental Body involving LCF, or any current or former director or officer of LCF.

5.25. Labour Relations. No labour dispute exists or, to the knowledge of LCF and the LCF Shareholders, is imminent with respect to any of the employees of LCF, which could reasonably be expected to result in a Material Adverse Effect. None of LCF’s employees is a member of a union that relates to such employee’s relationship with LCF, and LCF is not a party to a collective bargaining agreement, and LCF believes that their relationships with their employees are good. To the knowledge of LCF and the LCF Shareholders, no executive officer of LCF is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject LCF to any liability with respect to any of the foregoing matters. LCF is in compliance with all applicable laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.26. Compliance. To LCF and the LCF Shareholders’s knowledge, after reasonable investigation, LCF: (i) is not in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by LCF under), nor has LCF or the LCF Shareholders received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is not in violation of any judgment, decree, or order of any court, arbitrator or other governmental authority or (iii) is not or has not been in violation of any statute, rule, ordinance or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety and employment and labor matters, except in each case as could not have or reasonably be expected to result in a Material Adverse Effect.

5.27. Regulatory Permits. LCF possesses all certificates, authorizations and permits issued by the appropriate federal, provincial, local or foreign regulatory authorities necessary to conduct the Business as currently conducted by LCF, and Gestion possesses all certificates, authorizations and permits issued by the appropriate federal, provincial, local or foreign regulatory authorities with respect to the Additional Lands necessary to operate or use the Additional Lands in a manner consistent with their current operation or use, except where the failure to possess such permits could not reasonably be expected to result in a Material Adverse Effect (“Material Permits”), LCF and Gestion have not received any notice of proceedings relating to the revocation or modification of any Material Permit and such Material Permits, as they relate to the Additional Lands, will be transferred to LCF as part of the Pre-Closing Property Transfer.

5.28. Title to Assets. LCF has, and in respect of the Additional Lands Gestion has and LCF will have, good and marketable title in fee simple to all real property owned by it as set forth in Schedule 5.28 and good and marketable title in in all personal property owned by it that is material to the Business (except for any assets which are not the property of LCF as described in Schedule 5.28), in each case free and clear of all Liens, except for (i) Liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by LCF, (ii) Liens for the payment of federal, provincial or other taxes, for which appropriate reserves have been made therefor in accordance with ASPE and the payment of which is neither delinquent nor subject to penalties and (iii) Liens which will be discharged by the LCF Shareholders’ legal counsel on typical solicitor’s undertakings. Any real property

and facilities held under lease by LCF are set forth in Schedule 5.28 and are held by LCF under valid, subsisting and enforceable leases with which LCF are in material compliance. LCF has not, and Gestion has not in respect of the Additional Lands, granted or entered into any agreement, option, understanding or commitment to sell or otherwise dispose of or grant any Liens upon any of their respective real or personal property or assets, or any part thereof, or any right or privilege capable of becoming an agreement, option, understanding or commitment to sell or otherwise dispose of or grant any Liens upon any of their respective real or personal property or asset or any part thereof, other than sales or other dispositions made in the ordinary course of business, except for Liens which will be discharged concurrently with Closing.

5.29. Intellectual Property. LCF has rights to use all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights as necessary or required for use in connection with their respective businesses and which the failure to do so could have a Material Adverse Effect, which rights are set forth in Schedule 5.29(collectively, the "Intellectual Property Rights"). LCF and the LCF Shareholders have not received a notice (written or otherwise) that any of, the Intellectual Property Rights has expired, terminated or been abandoned, or is expected to expire or terminate or be abandoned, within two (2) years from the date of this Agreement. LCF and the LCF Shareholders have not received a written notice of a claim and otherwise do not have any knowledge that the Intellectual Property Rights violate or infringe upon the rights of any Person, except as could not have or reasonably be expected to not have a Material Adverse Effect. To the knowledge of LCF and the LCF Shareholders all such Intellectual Property Rights are enforceable and there is no existing infringement by another Person of any of the Intellectual Property Rights. LCF has taken reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual properties, except where failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.30. Tax Status. Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect: (i) LCF has duly and timely made or filed all federal, provincial and local Tax Returns, (ii) each Tax Return was true, correct and complete in all material respects, (iii) LCF has paid all Taxes and other governmental assessments and charges due and payable for periods (or portions thereof) ending on or before the Closing Date (whether or not shown due on any Tax Returns and whether or not assessed or reassessed by the appropriate Governmental Body, (iii) LCF has set aside on its books, made in accordance with ASPE, provision reasonably adequate for the payment of, and has timely paid, all material Taxes for periods subsequent to the periods to which such Tax Returns apply, (iv) there are no matters under audit or appeal with any Governmental Body relating to any Taxes, (v) neither LCF nor any of the LCF Shareholders has received any notice from any Governmental Body that it is taking steps to assess any additional Taxes against LCF or of any intention by any Governmental Body to assert any deficiency or claim for additional Taxes against LCF, (vi) LCF has not waived statute of limitation with respect to any Taxes or agreed to any extension of time (A) to file any Tax Return, (B) to pay or remit any Taxes, or (C) for any Governmental Body to assess or collect any Taxes, (vii) LCF has duly and timely withheld or collected the proper amount of Taxes that are required by applicable law to be withheld or collected, and has duly and timely remitted to the appropriate Governmental Body such Taxes and other amounts required to be remitted by LCF, (viii) LCF is not party to, or bound by, any tax indemnity, tax sharing or tax allocation agreement (ix) none of [section 78](#), [80](#), [80.01](#), [80.02](#), [80.03](#) or [80.04 of the Tax Act](#), or any equivalent provision of the tax law of any province, territory or any other jurisdiction, has applied or will apply to LCF at any time up to and including the Closing Date in a manner that would give rise to incremental tax liabilities or reduction in tax attributes, (x) LCF will not be required to include any item of income in, or exclude any item or deduction from, taxable income for any taxation year or portion thereof ending after the Closing Date as a result of use of an improper method of accounting, for a taxation year ending before the Closing Date, (xi) LCF has not incurred any deductible outlay or expense owing to a Person not dealing at arm's length (for purposes of the Tax Act) with LCF, the amount of which would, in the absence of an agreement filed under paragraph 78(1)(b) of the Tax Act, be included in its income for Canadian income tax purposes for any taxation year or fiscal period beginning on or after the Closing Date under paragraph 78(1)(a) of the Tax Act or any analogous provision of any comparable law of any province or territory of Canada, (xii) LCF has not acquired property from a Person in circumstances that would result in the Company becoming liable to pay Taxes of such Person under subsection 160(1) of the Tax Act or any analogous provision of any comparable law of any province or territory of Canada, (xiii) LCF has charged, collected and remitted on a timely basis all Taxes as required under applicable law on any sale,

supply or delivery whatsoever, made by it, and the Company is validly registered as a vendor with the relevant Taxing Authorities for the collection of such Taxes and LCF is, to the extent it is required to be, registered for purposes of any Taxes imposed under Part IX of the Excise Tax Act (Canada), (xiv) LCF does not currently have, and has never had, a permanent establishment (as defined by applicable tax treaty) or other taxable presence in any foreign country, (xv) LCF has not made an “excessive eligible dividend election” as defined in subsection 89(1) of the Tax Act in respect of any dividend paid or deemed by any provision of the Tax Act to have been paid on any class of shares of its capital stock, (xvi) LCF has not made a capital dividend election under subsection 83(2) of the Tax Act in an amount which exceeds the amount of the LCF’s capital dividend account immediately before the dividend became payable, (xvii) LCF has not entered into, participated or engaged in any “reportable transaction” within the meaning of section 237.3 of the Tax Act, “notifiable transaction” within the meaning of proposed section 237.4 of the Tax Act, or the similar provisions of any applicable law, (xviii) LCF has not made any election to defer any payroll taxes or claimed any amounts under any COVID-19 government assistance program, received any amounts in respect of the Canadian Emergency Wage Subsidy to which it was not entitled, or taken out any loan, received any loan assistance or received any other financial assistance relating to COVID-19 that is outstanding at closing. LCF is not a non-resident of Canada within the meaning of the Tax Act. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers and managers of LCF know of no basis for any such claim.

5.31. Related Party Indebtedness. Except as disclosed in Schedule 5.31 and salaries incurred in the ordinary course of business since the date thereof, LCF has no loans or indebtedness outstanding which have been made to or from directors, former directors, officers, shareholders and employees of LCF or to any person or corporate body not dealing at arm’s length with any of the foregoing (collectively “Related Party Indebtedness”), and will not, prior to closing, pay any such indebtedness unless in accordance with budgets agreed in writing by the Purchaser or in accordance with Schedule 5.21. Upon Closing, LCF shall have no outstanding Related Party Indebtedness owed to any of the LCF Shareholders or any of their affiliates.

5.32. Reporting Issuer Status. LCF is not a “reporting issuer” in any jurisdiction in Canada or elsewhere, and there is no published trading market in any jurisdiction in respect of the LCF Shares or the Purchased Shares

5.33. Environmental Matters.

(a) Except as would not reasonably be expected to have a Material Adverse Effect, each of LCF and Gestion in respect of the Additional Lands is: (i) in compliance with all applicable Environmental Laws; and (ii) holds all Environmental Permits necessary to operate the Business and the Additional Lands.

(b) All such Environmental Permits are listed in Schedule 5.33 and all Environmental Permits are in full force and effect. There are no Actions in progress or, to the knowledge of LCF or the LCF Shareholders, no such Actions are threatened or pending, that may result in the cancellation, revocation or suspension of any Environmental Permits.

(c) None of LCF, the Business or the assets (real and personal, tangible and intangible) of LCF or the Additional Lands are the subject of any Remedial Order.

(d) LCF, Gestion and the LCF Shareholders have not received, in the past five (5) years, any Environmental Notice alleging that LCF or Gestion is in violation of or has any liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise, under any Environmental Law that is unresolved.

(e) Each of LCF and Gestion has not entered into or agreed to any consent, settlement or other agreement, nor is LCF subject to any Governmental Order in any judicial, administrative, arbitral or other forum relating to compliance with or any liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise under any Environmental Law.

(f) Each of LCF and Gestion has not released any Hazardous Substances at, on or under any part of the Real Property or Additional Lands, and, after reasonable investigation, there are no Hazardous Substances present within the area bounded by the ceiling, walls and floor of any building on the Real Property (and excluding anything outside these boundaries) or Additional Lands, in each case except as would not reasonably be expected to result in a material liability under any Environmental Law.

(g) LCF and the LCF Shareholders have made available to Purchaser all material Environmental audits, assessments, reports and similar reviews and all material correspondence regarding Environmental matters, to the extent that such records are in the possession or under the control of LCF, Gestion or the LCF Shareholders.

(h) Schedule 5.33 contains a complete and accurate list of all active or abandoned above ground or underground storage tanks owned or operated by LCF and Gestion in respect of the Additional Lands.

(i) Neither LCF, Gestion nor the LCF Shareholders are aware of or reasonably anticipates, as of the Closing Date, any condition, event or circumstance concerning the Environmental Release of Hazardous Substances that might, after the Closing Date, prevent, impede or materially increase the costs associated with the ownership, lease, operation, performance or use of the Business or assets of the Corporation as currently carried out or the Additional Lands.

6. COVENANTS, REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser covenants, represents and warrants with and to LCF and the LCF Shareholders as follows and acknowledges that LCF and the LCF Shareholders are relying upon such covenants, representations and warranties in entering into this Agreement:

6.1. Organization and Qualification. The Purchaser is a company duly incorporated, validly existing and in good standing under the laws of the Province of British Columbia, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. The Purchaser is not in violation or default of any of the provisions of its notice of articles, articles or other organizational or charter documents. The Purchaser is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in a Material Adverse Effect and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

6.2. Authorization; Enforcement. The Purchaser has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and each of the other Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. On the Closing Date, the execution and delivery of each of this Agreement and the other Transaction Documents by the Purchaser and the consummation by it of the transactions contemplated hereby and thereby will be duly authorized by all necessary action on the part of the Purchaser and no further action will be required by the Purchaser, its board of directors or its shareholders in connection herewith or therewith other than in connection with the Required Approvals. This Agreement and each other Transaction Document to which it is a party has been (or upon delivery will have been) duly executed by the Purchaser and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable Law.

6.3. No Conflicts. The execution, delivery and performance by the Purchaser of this Agreement and the other Transaction Documents to which it is a party and the consummation by it of the transactions contemplated hereby and thereby do not and will not: (i) conflict with or violate any provision of the

Purchaser's articles of incorporation or other organizational or charter documents, (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Purchaser or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Purchaser debt or otherwise) or other understanding to which the Purchaser is a party or by which any property or asset of the Purchaser is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Purchaser is subject (including federal and state securities laws and regulations), or by which any property or asset of the Purchaser is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

6.4. Filings, Consents and Approvals. The Purchaser is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Purchaser of the Transaction Documents to which it is a party, other than consents, waivers, authorizations, orders, notices, filings or registrations necessary in connection with the Required Approvals.

6.5. Issuance of Securities. Upon Closing, all of the Purchaser Shares issued to the LCF Shareholders as set forth in Section 2.2(a) will be validly issued, fully paid and non-assessable shares in the capital of the Purchaser.

6.6. Reporting Issuer. The Purchaser is a reporting issuer in good standing in the Province of British Columbia and Alberta.

6.7. Disclosure Record. The Purchaser has timely filed with the relevant authorities all documents required to have been filed by it under the securities laws applicable to it. As of their respective dates, each of the Purchaser Public Filings complied in all material respects with the requirements of the applicable securities laws pertaining to such filings, and none of the Purchaser Public Filings contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made. There have been no confidential material change reports filed by the Purchaser with any securities regulatory authority having jurisdiction over the Purchaser. No material adverse change in the Purchaser's financial statements has taken place since the last balance sheet contained in the Purchaser's most recent audited financial statements, except as publicly disclosed in the Purchaser Public Filings.

6.8. Exchange Listing and Filings. The Purchaser Shares are listed on the TSXV and, on the Closing Date, the Purchaser Shares issuable to the LCF Shareholders as set forth in Section 2.2(a) hereto will have been, or will prior to the Closing Date, be approved for issuance, listing and, upon expiry of all resale restrictions, trading through the TSXV.

6.9. Purchaser Financial Statements. The Purchaser Financial Statements have been prepared in accordance with applicable securities laws and in accordance with IFRS and present fairly the assets, liabilities and the financial position of the Purchaser as at the dates indicated and the results of operation of the Purchaser for the periods indicated and no Material Adverse Effect in such financial position or such results of operation has occurred since the dates thereof. The Purchaser has not received any advice or notification from its independent certified public accountants that the Purchaser has used any improper accounting practice that would have the effect of not reflecting or incorrectly reflecting in the Purchaser Financial Statements or the books and records of the Purchaser, any properties, assets, liabilities, revenues or expenses.

6.10. Litigation. There is no Action pending or, to the knowledge of the Purchaser, threatened against or affecting the Purchaser or any of its properties or assets before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) which (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the transactions contemplated therein or (ii) could, if there were an unfavorable decision, have or reasonably

be expected to result in a Material Adverse Effect. Neither the Purchaser, nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under applicable securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of the Purchaser, there is not pending or contemplated, any investigation by any Governmental Body involving the Purchaser or any current or former director or officer of the Purchaser.

6.11. Compliance. To the Purchaser's knowledge, after reasonable investigation, Purchaser is not: (i) in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Purchaser thereunder), nor has the Purchaser received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) in violation of any judgment, decree, or order of any court, arbitrator or other governmental authority or (iii) and has not been in violation of any statute, rule, ordinance or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety and employment and labor matters, except in each case as could not have or reasonably be expected to result in a Material Adverse Effect.

6.12. Taxes. Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, the Purchaser (i) has made or filed all Tax Returns, (ii) has paid all Taxes that are material in amount, shown or determined to be due on such returns, reports and declarations and (iii) has set aside on its books provision reasonably adequate for the payment of all material taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Purchaser know of no basis for any such claim.

7. ADDITIONAL COVENANTS OF PARTIES

7.1. Covenants of LCF and the LCF Shareholders. LCF and the LCF Shareholders hereby covenant and agree with the Purchaser as follows, and the LCF Shareholders hereby covenant and agree to do such things as may be necessary or desirable to cause or permit LCF to comply with the following:

(a) Due Diligence. LCF will, and the LCF Shareholders will cause LCF to, permit the Purchaser and its agents or designees to perform due diligence reviews on the Business and the assets, liabilities, operations and condition (financial or otherwise) of LCF and the Additional Lands from the date first set forth on the front page of this Agreement up to and including the Closing Date. LCF and the LCF Shareholders will, and will cause LCF, to cooperate in all respects with such due diligence and shall provide the Purchaser or its agents or designees with all information reasonably requested by the Purchaser or its agents or designees with respect thereto.

(b) Conduct of Business. Between the date of this Agreement and the Closing of the transactions contemplated hereby, unless otherwise expressly contemplated or permitted in this Agreement or consented to in writing by the Purchaser, LCF will and the LCF Shareholders will cause LCF to:

(i) Conduct the Business substantially as presently operated and only in the ordinary course and in compliance with all applicable laws;

(ii) Maintain the books, records and accounts of LCF in the ordinary course of business and record all transactions on a basis consistent with ASPE and the LCF Financial Statements;

(iii) Not amend the articles, by-laws or other constating documents of LCF (except in connection with the LCF Pre-Closing Transactions set forth in Schedule 5.21) or the terms of the outstanding securities of LCF, including any outstanding indebtedness and credit facilities of LCF;

- (iv) Not amalgamate, merge or otherwise consolidate itself with any other person or adopt or enter into a plan of liquidation or dissolution with respect to itself;
- (v) Except in connection with the LCF Pre-Closing Transactions set forth in Schedule 5.21, not issue, sell, pledge, lease, dispose of or otherwise encumber any securities or any options, warrants or other rights to acquire securities, or redeem or purchase any of the outstanding securities of or ownership interests in LCF;
- (vi) Not incur or commit to incur any indebtedness for borrowed money (other than trade payables incurred in the ordinary course of business);
- (vii) Not guarantee, endorse or otherwise become responsible for any material liability, obligation or indemnity of any other person, or make any loans or advances;
- (viii) Except in connection with the LCF Pre-Closing Transactions set forth in Schedule 5.21, not split, consolidate or reclassify any of the shares nor undertake any other capital reorganization;
- (ix) Except as set forth in Schedule 5.21, not sell, lease, encumber or otherwise dispose of, directly or indirectly, any business, properties or assets of LCF, other than in the ordinary course of their respective businesses;
- (x) Not enter into any partnership, joint venture, memorandum of understanding, strategic alliance or similar agreement, arrangement or relationship, or any new material contract (other than contracts in the ordinary course of business); and
- (xi) Except as set forth in Schedule 5.21, not declare, set aside or pay any dividend or other distribution to its Shareholder or other owners.

(c) LCF shall provide to the Purchaser for their review and approval, not to be reasonably withheld, the steps required to be completed for the Pre-Closing Property Transfer to be completed prior to the completion of the Pre-Closing Property Transfer.

(d) Conditions of Closing. LCF and the LCF Shareholders shall use commercially reasonable efforts to cause each of the terms and conditions precedent for the benefit of the Purchaser to be fulfilled on or before the Closing Date.

(e) Exclusivity. Until such time, if any, as this Agreement is terminated pursuant to the terms set out herein, except in accordance with the terms and conditions of this Agreement, each of LCF and the LCF Shareholders will not directly or indirectly solicit, initiate, entertain or accept any inquiries or proposals from, discuss or negotiate with, provide any non-public information to, or otherwise consider the merits of any unsolicited inquiries or proposals from, any person or entity (other than the Purchaser) relating to any transaction involving (i) the sale of any of the business or the assets of LCF (other than sales made in the ordinary course of business); (ii) any sale of LCF's capital stock or other ownership interests (except in connection with the LCF Pre-Closing Transaction Steps); or (iii) any merger, consolidation, business combination or similar transaction. LCF and the LCF Shareholders agree to promptly notify each other if either of them receives an unsolicited offer for any such transaction, or obtains information that such an offer is reasonably likely to be made, which notice shall include the identity of the prospective offeror and the consideration to be paid and terms of the prospective offer.

7.2. Covenants of the Purchaser. The Purchaser hereby covenants and agrees with LCF and the LCF Shareholders as follows:

(a) Conditions to Closing. The Purchaser shall each use commercially reasonable efforts to cause each of the conditions to closing for the benefit of LCF and the LCF Shareholders to be fulfilled on or before the Closing Date.

(b) [Intentionally Deleted.]

7.3. Mutual Covenants. Each of the Purchaser, LCF and the LCF Shareholders hereby covenant and agree each with the other as follows:

(a) Confidentiality.

(i) All information regarding LCF and the LCF Shareholders and their respective affiliates, provided to the Purchaser under this Agreement or in furtherance of the transactions contemplated hereunder, will be kept in strict confidence by the Purchaser and its affiliates or agents and will not be used, dealt with, exploited or commercialized or disclosed to any third party (other than Purchaser's professional advisors with a need to know such information for the purposes contemplated in this Agreement) by the Purchaser or any affiliate or agent of the Purchaser without the prior written consent of LCF unless (A) such disclosure is required by law, by regulatory authorities having jurisdiction with respect to the Purchaser or the transactions contemplated herein or by the TSXV, or (B) such disclosure is reasonably necessary for the completion of the transactions contemplated herein. If the transactions contemplated in this Agreement do not proceed for any reason, then upon receipt of a written request from LCF, the Purchaser will immediately return to LCF or destroy all information regarding LCF, the LCF Shareholders and their respective affiliates provided in connection with the transactions contemplated in this Agreement.

(ii) All information regarding the Purchaser and their affiliates, provided to LCF or the LCF Shareholders under this Agreement or in furtherance of the transactions contemplated hereunder, will be kept in strict confidence by LCF and the LCF Shareholders and their respective affiliates or agents and will not be used, dealt with, exploited or commercialized or disclosed to any third party (other than the LCF's and the LCF Shareholders' professional advisors with a need to know such information for the purposes contemplated in this Agreement) by LCF or the LCF Shareholders or any affiliate or agent of LCF or the LCF Shareholders without the prior written consent of the Purchaser unless (A) such disclosure is required by law, by regulatory authorities having jurisdiction with respect to LCF or the LCF Shareholders, as the case may be, or the transactions contemplated herein or by the TSXV, or (B) such disclosure is reasonably necessary for the completion of the transactions contemplated herein. If the transactions contemplated in this Agreement do not proceed for any reason, then upon receipt of a written request from the Purchaser, LCF and the LCF Shareholders will immediately return to the Purchaser or destroy all information regarding the Purchaser and its affiliates provided in connection with the transactions contemplated in this Agreement.

(iii) Notwithstanding the generality of the forgoing, the provisions of Section 7.3(a)(i) and 7.3(a)(ii) shall not apply to any information that the Purchaser (in the case of Section 7.3(a)(i)) or LCF or the LCF Shareholders (in the case of Section 7.3(a)(ii)) can demonstrate:

(A) is or becomes available to the public other than as a direct or indirect result of any violation by the Purchaser of Section 7.3(a)(i) or LCF or the LCF Shareholders of Section 7.3(a)(ii);

(B) is or becomes available to the Purchaser (in the case of Section 7.3(a)(i)) or LCF or the LCF Shareholders (in the case of 7.3(a)(ii)) on a non-confidential basis from a source other than the Purchaser or LCF, provided that such source

does not owe a duty of confidentiality to LCF or the LCF Shareholders (in the case of Section 7.3(a)(i)) or the Purchaser (in the case of Section 7.3(a)(ii));

(C) is or was demonstrably independently developed by the Purchaser (in the case of Section 7.3(a)(i)) or LCF or the LCF Shareholders (in the case of 7.3(a)(ii)) without the use of any information disclosed pursuant to Section 7.3(a)(i) or Section 7.3(a)(ii); or

(D) was lawfully and demonstrably in the possession of the Purchaser (in the case of Section 7.3(a)(i)) or LCF or the LCF Shareholders (in the case of Section 7.3(a)(ii)) prior to its disclosure by LCF or the LCF Shareholders or the Purchaser;

and the foregoing covenants contained in this subsection 7.3(a) shall survive the termination of this Agreement.

(b) Post-Closing Access. For a period of seven (7) years following the Closing Date, the parties will provide all reasonable cooperation to each other in connection with the preparation of tax and other financial reporting matters, audits, legal proceedings and inspections by Governmental Bodies and other business purposes, including reasonable access for reasonable duration and during normal business hours, to the employees that are relevant to any legal proceedings. However, no party shall be obligated to take any action pursuant to this subsection 7.3(b) that would unreasonably disrupt the normal course of its business, violate the terms of any contract to which it is a party or to which it or any of its assets is subject, grant access to any of its proprietary, confidential or classified information or possibly cause the waiver of any applicable solicitor-client privilege.

(c) Restrictive Covenants. The parties intend that the conditions set forth in section 56.4(7) of the Tax Act have been satisfied such that section 56.4(5) of the Tax Act applies to any "restrictive covenants" (as defined in section 56.4(1) of the Tax Act) granted by the LCF Shareholders under this Agreement or the Non-Competition Agreement with respect to the Business carried on by LCF (collectively, the "Restrictive Covenants"). Accordingly, the parties acknowledge and agree that

(i) no proceeds shall be received or receivable by the LCF Shareholders for granting the Restrictive Covenants for purposes of section 56.4(7)(d) of the Tax Act;

(ii) and the Restrictive Covenants are integral to this Agreement and have been granted to maintain or preserve the fair market value of the LCF Shares and the Purchased Shares; and

(iii) the parties agree to execute and deliver at Closing the election prescribed by section 56.4 of the Tax Act, if applicable, in a form reasonably satisfactory to the Purchaser and the LCF Shareholders, ascribing a NIL amount in respect of the Restrictive Covenants, and if so requested by the LCF Shareholders or the Purchaser, respectively, the parties will file such election with their respective tax returns for the period which includes the purchase and sale contemplated herein. The LCF Shareholders shall be solely responsible for the preparation of the above referenced election forms, such draft forms will be provided to the Purchaser for its review not less than 3 business days prior to Closing and the Purchaser shall be given the opportunity to review and consent to such election prior to its filing.

(d) Cooperation on Tax Matters.

(i) LCF, the LCF Shareholders and the Purchaser shall cooperate fully with each other and shall make available to each other in a timely fashion such data and other information as may reasonably be required for the preparation and filing of all Tax Returns and in order to contest any audit, assessment or reassessment of Taxes or to pursue any objection or appeal, and shall preserve such data and other information until the expiry of

any applicable limitation period under applicable laws with respect to the periods covered by such Tax Returns.

(ii) If, at any time after the closing, the Purchaser or the LCF Shareholders determine, or become aware that an “advisor” (as is or may be defined for purposes of section 237.3 or section 237.4 of the Tax Act) has determined, that the transactions contemplated by this Agreement, or any transaction that may be considered to be part of the same series of transactions as the transactions set out in this Agreement, are or would be subject to the reporting requirements under section 237.3 or the notification requirements under section 237.4 of the Tax Act, including as a result of any future amendments or proposed amendments to such provisions (the “**Disclosure Requirements**”), Purchaser or LCF Shareholders, as the case may be, will inform the other parties of its intent, or its advisor’s intent, to comply with the Disclosure Requirements and the parties will cooperate with respect to preparing and filing the applicable information returns and/or notifications.

(iii) If it is determined that LCF has made an “excessive eligible dividend designation” (as defined in subsection 89(1) of the Tax Act), the LCF Shareholders hereby concur (or shall cause the recipient of the relevant dividend to concur) in the making of an election under subsection 185.1(2) of the Tax Act in respect of the full amount of the excessive eligible dividend designation, and such election shall be made by LCF in the manner and within the time prescribed by subsections 185.1(2) and 185.1(3) of the Tax Act.

8. SECURITIES REGULATORY APPROVALS AND RESALE RESTRICTIONS.

8.1. The terms of this Agreement are subject to the approval of all securities regulatory authorities having jurisdiction with respect to this Agreement and the transactions contemplated herein, including, but not limited to, the TSXV (the “Required Approvals”).

8.2. The Purchaser will with reasonable diligence do all such things and provide all such reasonable assurances as may be required to obtain the approval of all applicable regulatory authorities, including the TSXV, to the transactions contemplated in this Agreement.

8.3. LCF and the LCF Shareholders shall provide to the Purchaser all information reasonably required by the Purchaser for inclusion in, and for the preparation of any documents or forms to be prepared and filed by the Purchaser with the TSXV with respect to the transactions contemplated in this Agreement.

8.4. LCF and the LCF Shareholders shall promptly comply with all reasonable conditions and requirements of the TSXV to the completion of the transactions contemplated herein.

8.5. If the TSXV or any other securities regulatory authority having jurisdiction with respect to this Agreement and the transactions contemplated herein (collectively the “Securities Authorities”), shall prevent the consummation of the transactions contemplated herein, neither of the parties nor their respective directors, officers, legal counsel, servants, or agents shall in any way be liable to the other parties to this Agreement in respect of any damages or losses suffered by them as a result of such failure of the Securities Authorities to give their approval, provided that such party has, with all due diligence and in good faith, used its commercially reasonable efforts to obtain the approval of such Securities Authorities.

8.6. The LCF Shareholders acknowledge that the Purchaser Shares, will be, issued pursuant to exemptions from the prospectus requirements of applicable Canadian securities laws and that, as a result, the Purchaser Shares may be subject to restrictions on resale imposed by applicable Canadian securities laws until:

- (a) all applicable resale restrictions have been satisfied and the applicable hold period has expired in accordance with NI 45-102; or
- (b) a further exemption under NI 45-106 or the applicable securities legislation is available to

the particular LCF Shareholder; or

- (c) an appropriate discretionary order under applicable securities legislation is obtained; or
- (d) if the particular LCF Shareholder is a control person, has satisfied all conditions relating to sales by control persons set out in NI 45-102 or the applicable securities legislation.

8.7. The LCF Shareholders understand, acknowledge and agree that, if required under applicable Canadian securities laws or the rules and policies of the TSXV or both, all the certificates representing the Purchaser Shares, as well as all certificates issued in exchange for or in substitution thereof, shall bear the following legends:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY [*insert the date that is four months and a day after the distribution date*].”

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

9. INDEMNIFICATION AND SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

9.1. Survival. The covenants, agreements, representations, warranties, and indemnities of the parties contained in this Agreement shall:

(a) With respect to the LCF Shareholders and the Purchaser, survive Closing of the transactions contemplated herein and, notwithstanding Closing or any documents delivered or investigations made in connection therewith, shall continue in full force and effect for a period of twenty-four (24) months after Closing, provided that (i) the representations and warranties in Sections 5.1, 5.2, 5.4, 5.6, 5.9 and 5.14 and Sections 6.1 and 6.2 shall survive indefinitely, (ii) the representations and warranties in Section 5.30 shall survive for the full period of the applicable limitation, assessment or re-assessment period under the applicable tax laws pertaining thereto plus 90 days, and (iii) a claim for breach of any representations or warranties contained in this Agreement involving fraud or fraudulent misrepresentations may be made at any time following the Closing Date, subject only to applicable limitation periods imposed by law; and

(b) With respect to LCF, terminate upon Closing of the transactions contemplated herein (except as otherwise expressly contemplated in this Agreement).

Without limiting the generality of the forgoing, a claim for a breach of any such representation or warranty, to be effective, must be asserted in writing on or prior to the applicable expiration time set out in this Section 9.1.

9.2. Investigations. No investigations made by or on behalf of any or all of the parties to this Agreement at any time shall have the effect of waiving, diminishing the scope of, or otherwise affecting any representation or warranty made by any other party herein or pursuant hereto.

9.3. Indemnity by LCF Shareholders. Each of the LCF Shareholders shall, jointly and severally, defend, indemnify and hold harmless the Purchaser, its affiliates and their respective shareholders, directors, officers and employees from and against all claims, judgments, damages, liabilities, settlements, losses, costs and expenses, including legal fees, disbursements, charges, and in the case of paragraph (iii) of this section, Taxes, arising from or relating to any (i) inaccuracy in or breach of any of the representations or warranties of the LCF Shareholders or LCF contained in this Agreement or in any document to be delivered

hereunder, (ii) breach or non-fulfillment of any covenant, agreement or obligation to be performed by the LCF Shareholders or LCF under this Agreement or any document to be delivered hereunder (provided that, in the case of LCF, only in respect of any covenants, agreements or obligations to be performed by LCF prior to or at Closing), (iii) any assessment or reassessment (each an "Assessment") by any Governmental Body in respect of any Taxes for any Pre-Closing Tax Period, (iv) any additional consideration required to be paid by LCF to any other party as a result of the Pre-Closing Transactions, or (v) any liabilities by LCF in respect of any matter set forth in Schedule 5.24. All indemnification payments by the LCF Shareholders under this Agreement shall be treated as an adjustment to the Purchase Price allocated to the Non-Exchange Shares for tax purposes, unless otherwise required by law. "Pre-Closing Tax Period" means (A) any period prescribed by any Governmental Body for which a Tax Return is required to be filed or Taxes paid (each a "Tax Period") ending at or prior to Closing, and (B) the pre-Closing portion of any Tax Period that began prior to Closing.

9.4. Indemnity by Purchaser. The Purchaser shall defend, indemnify and hold harmless the LCF Shareholders, their respective affiliates and their respective shareholders, directors, officers and employees from and against all claims, judgments, damages, liabilities, settlements, losses, costs and expenses, including legal fees, disbursements, charges, and in the case of paragraph (iii) of this section, Taxes, arising from or relating to any (i) inaccuracy in or breach of any of the representations or warranties of the Purchaser contained in this Agreement or in any document to be delivered hereunder, (ii) breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Purchaser or LCF under this Agreement or any document to be delivered hereunder (provided that, in the case of LCF, only in respect of any covenants, agreements or obligations to be performed by LCF after Closing) or (iii) any Assessment by any Governmental Body in respect of any Tax Return filed for any Post-Closing Tax Period, received within twenty-four (24) months after Closing, or received after twenty-four (24) months after Closing, but which Assessment is a result of any audit commenced by any Governmental Body within twenty-four (24) months after Closing. All indemnification payments by the Purchaser under this Agreement shall be treated as an adjustment to the Purchase Price allocated to the Non-Exchange Shares for tax purposes, unless otherwise required by law. "Post-Closing Tax Period" means (A) any period prescribed by any Governmental Body for which a Tax Return is required to be filed or Taxes paid (each a "Tax Period") ending after Closing, and (B) the post-Closing portion of any Tax Period that began prior to Closing.

9.5. Materiality. No claim shall be made by any of the LCF Shareholders against the Purchaser, or by the Purchaser against any of the LCF Shareholders, as a result of any misrepresentation or as a result of the breach of any covenant or warranty herein contained unless the aggregate loss or damage to such party exceeds \$25,000, and the aggregate liability of the LCF Shareholders or the Purchaser in respect of any misrepresentation or breach of contract or warranty shall not exceed: (i) in the case of those matters set forth in Sections 5.1, 5.2, 5.4, 5.6, 5.9 or 5.14, the full amount of the Purchase Price for the Purchased Shares, as adjusted under this Agreement, and (ii) for any matter other than those set forth in subparagraph 9.5(i), 50% of the full amount of the Purchase Price for the Purchased Shares, as adjusted under this Agreement; and further provided that these limits shall not apply in the event of fraud or fraudulent misrepresentation by any of the LCF Shareholders or the Purchaser.

9.6. Indemnity Claims. The following provisions will apply to any claim pursuant to Section 9.1 through Section 9.5 hereof (an "Indemnity Claim"):

(a) Promptly after becoming aware of any matter that may give rise to an Indemnity Claim, the Indemnified Party will provide to the Indemnifying Party a written notice of the Indemnity Claim specifying (to the extent that information is available) the factual basis for the Indemnity Claim and the amount of the Indemnity Claim or, if an amount is not then determinable, an estimate of the amount of the Indemnity Claim, if an estimate is feasible in the circumstances;

(b) If an Indemnity Claim relates to an alleged liability of an Indemnifying Party to any other person (hereinafter, in this section, called a "Third Party Liability"), including without limitation any governmental or regulatory body or any taxing authority, which is of a nature such that an Indemnified Party is required by applicable law to make a payment to a third party before the relevant procedure for challenging the existence or quantum of the alleged liability can be implemented or completed, then the Indemnified Party may, notwithstanding the provisions of

subsections (c) and (d) of this section, make such payment and forthwith demand reimbursement for such payment from the Indemnifying Party; provided that, if the alleged liability to the third party as finally determined upon completion of settlement negotiations or related legal proceedings is less than the amount which is paid by the Indemnified Party in respect of the related Indemnity Claim, then the Indemnifying Party, as the case may be, shall forthwith following the final determination pay to the Indemnified Party the amount of the liability as finally determined;

(c) The Indemnified Party shall not negotiate, settle, compromise or pay (except in the case of payment of a judgment) any Third Party Liability as to which it proposes to assert an Indemnity Claim, except with the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed), unless there is a reasonable possibility that such Third Party Liability may materially and adversely affect the Business, in which case the Indemnified Party shall have the right, after notifying the Indemnifying Party, to negotiate, settle, compromise or pay such Third Party Liability without prejudice to its rights of indemnification hereunder;

(d) With respect to any Third Party Liability, provided the Indemnifying Party first admits the Indemnified Party's right to indemnification for the amount of such Third Party Liability which may at any time be determined or settled, then in any legal, administrative or other proceedings in connection with the matters forming the basis of the Third Party Liability, the following procedures will apply:

- (i) except as contemplated by subparagraph (iii) of this paragraph, the Indemnifying Party will have the right to assume carriage of the compromise or settlement of the Third Party Liability and the conduct of any related legal, administrative or other proceedings, but the Indemnified Party shall have the right and shall be given the opportunity to participate in the defence of the Third Party Liability (at their own expense), to consult with the Indemnifying Party in the settlement of the Third Party Liability and the conduct of related legal, administrative and other proceedings (including consultation with counsel appointed by the Indemnifying Party);
- (ii) the Indemnifying Party will co-operate with the Indemnified Party in relation to the Third Party Liability, will keep it fully advised with respect thereto, will provide it with copies of all relevant documentation as it becomes available, will provide it with access to all records and files relating to the defence of the Third Party Liability and will meet with representatives of the Indemnified Party at all reasonable times to discuss the Third Party Liability; and
- (iii) notwithstanding subparagraphs (i) and (ii) of this paragraph, the LCF Shareholders will not settle the Third Party Liability or conduct any legal, administrative or other proceedings in any manner which could, in the reasonable opinion of the Purchaser, have a material adverse effect on the Business except with the prior written consent of the Purchaser, which consent shall not be unreasonably withheld; and

(e) Notwithstanding anything contained herein to the contrary, any amount which is ultimately determined to be due and owing from an Indemnifying Party to an Indemnified Party in respect of an Indemnity Claim shall be reduced by the amount of any proceeds of insurance received by the Indemnified Party in respect of the matter giving rise to Indemnity Claim.

(f) If, with respect to any Third Party Liability, the Indemnifying Party does not admit the Indemnified Party's right to indemnification or decline to assume carriage of the settlement or of any legal, administrative or other proceedings relating to the Third Party Liability, then the following provisions will apply:

- (i) the Indemnified Party, at its discretion, may assume carriage of the settlement or of any legal, administrative or other proceedings relating to the Third Party Liability and may defend or settle the Third Party Liability on such terms as the Indemnified Party, acting in good faith, considers advisable; and

- (ii) any cost, loss, damage or expense incurred or suffered by the Indemnified Party in the settlement of such Third Party Liability or the conduct of any legal, administrative or other proceedings shall be added to the amount of the Indemnity Claim.

(g) For purposes of this Section 9.6, "Indemnified Party" means the party seeking indemnity under this Article 9 and "Indemnifying Party" means the party against whom such claims are asserted under this Article 9, and in the case of the LCF Shareholders, shall mean all of the LCF Shareholders, collectively.

10. VENDOR REPRESENTATIVE

10.1. Each of the LCF Shareholders, on behalf of himself, herself, itself or themselves, and his, her, its or their successors and assigns (collectively, "Vendor Parties"), hereby irrevocably appoints the Vendor Representative to serve as the agent, representative and attorney-in-fact of such Vendor Parties, with the full and exclusive power and authority to represent and bind such Vendor Parties with respect to all terms arising under and pursuant to this Agreement and the Transaction Documents, providing the Vendor Representative with rights, authorities and obligations and all the transactions and documents contemplated hereby and thereby. Furthermore, each Vendor Party on behalf of himself, herself, itself, themselves and his, her, its or their successors and assigns, hereby irrevocably consents to the taking by the Vendor Representative of any and all actions and the making of any decisions required or permitted to be taken by such Vendor Party under this Agreement and the Transaction Documents and matters arising out of or relating thereto, such power and authority to include, without limitation, the power and authority (i) to give and receive notices of communications, (ii) to bring, defend or resolve any claim made pursuant hereto or thereto (ii) making and settling indemnity claims, and (iii) to take all actions necessary in the judgment of the Vendor Representative for the accomplishment of the foregoing, including the power or authority to consent to any amendment or modification of this Agreement or the Transaction Documents on behalf of the Vendor Parties, whether or not such amendments are of a substantive, clerical or non-substantive nature. By his execution of this Agreement, the Vendor Representative hereby accepts his appointment as the Vendor Representative for the specific purposes set out in this Agreement and in accordance with the foregoing. The Purchaser shall be entitled to deal with the Vendor Representative on all matters under this Agreement and the Transaction Documents providing the Vendor Representative with rights, authorities and obligations and shall be entitled to rely conclusively (without further evidence of any kind whatsoever) on any document executed or purported to be executed by the Vendor Representative on behalf of any Vendor Party and on any other action taken or purported to be taken by the Vendor Representative on behalf of such the Vendor Parties, as fully binding upon such Vendor Party. All decisions, actions, consents and instructions of the Vendor Representative shall be final and binding upon all Vendor Parties and no Vendor Party shall have any right to object, dissent, protest or otherwise contest the same. The Vendor Representative shall not incur any liability to any Vendor Party relating to the performance of his duties hereunder. The Vendor Representative shall not have by reason of this Agreement a fiduciary relationship in respect of any Vendor Party. The Vendor Representative shall not be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement. The Vendor Parties shall cooperate with the Vendor Representative and any accountants or lawyers whom the Vendor Representative may retain to assist in carrying out her duties hereunder. The Vendor Parties shall jointly and severally indemnify and hold harmless the Vendor Representative and its representatives against all claims, losses, damages, reasonable costs, penalties, fines and reasonable expenses (including reasonable expenses of the Vendor Representative's legal counsel) which may be paid, incurred or suffered by the Vendor Representative by reason or as a result of the performance by the Vendor Representative of his obligations as Vendor Representative set out in this Agreement. If the Vendor Representative dies, resigns, become disabled or is dissolved, liquidated or wound up or otherwise is unable to fulfill the Vendor Representative responsibilities hereunder, LCF Shareholders holding not less than 50.1% of the outstanding common shares of LCF immediately prior to Closing shall, within ten (10) business days after such death, resignation, disability, dissolution, liquidation, winding up, or inability, appoint a successor to the Vendor Representative and immediately thereafter notify the Purchaser of the

identity of such successor. Any such successor will succeed the Vendor Representative as the as the agent, representative and attorney-in-fact of such Vendor Parties.

11. MISCELLANEOUS.

11.1. Time shall be of the essence of this Agreement.

11.2. This Agreement contains the whole agreement between the parties hereto in respect of the purchase and sale of Purchased Shares and there are no warranties, representations, terms, conditions or collateral agreements expressed, implied or statutory, other than as expressly set forth in this Agreement.

11.3. This Agreement may be amended or modified only by written instrument executed by each of the parties affected thereby or by their respective successors and permitted assigns.

11.4. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. The parties to this Agreement may not assign this Agreement without the prior written consent of each of the other parties hereto, which consent may be withheld for any reason whatsoever.

11.5. Unless otherwise specifically provided for herein, each of LCF, the LCF Shareholders and the Purchaser shall be responsible for the expenses (including fees and expenses of legal advisors, accountants and other advisors) incurred by them, respectively, in connection with the negotiation and settlement of this Agreement and the completion of the transactions contemplated hereby. In the event of a termination of this Agreement prior to consummation of the transactions contemplated hereby, the obligation of each party to pay its own expenses will be subject to any rights that such party may have arising from a breach of this Agreement by another party.

11.6. Any notice to be given under this Agreement shall be duly and properly given if made in writing and delivered or facsimiled or emailed to the addressee at the address as set out below for each of LCF, the LCF Shareholders and the Purchaser. Any notice given as aforesaid shall be deemed to have been given or made on, if delivered, the date on which it was delivered or, if facsimiled or emailed, on the next business day after it was facsimiled or emailed. Any party hereto may change its address for notice from time to time by providing notice of such change to the other parties hereto in accordance with the foregoing.

11.7. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the first business day after transmission, if such notice or communication is delivered via facsimile or email at the facsimile number or email address set forth below at or prior to 5:30 p.m. (Pacific Time), (b) the second business day after the date of transmission, if such notice or communication is delivered via facsimile or email later than 5:30 p.m. (Pacific Time), (c) the date of delivery, if sent by Canadian nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth below, provided that the parties hereto may change such address for notices and communications by providing the other parties hereto with notice in the form and manner set forth in this Section 11.7:

To the LCF Shareholders (or to LCF prior to Closing):

[CONTACT DETAILS REDACTED]

with a copy in each case (which copy shall not constitute notice)

to: *[CONTACT DETAILS REDACTED]*

To the Purchaser (or to LCF after Closing)

ATLAS ENGINEERED PRODUCTS LTD.
PO Box 37036 Country Club PO
Nanaimo, BC V9T 6N4
[CONTACT DETAILS REDACTED]

with a copy in each case (which copy shall not constitute notice) to:

[CONTACT DETAILS REDACTED]

11.8. This Agreement may be executed in one or more counter-parts, each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement.

11.9. A handwritten or electronically signed counterpart of this Agreement delivered by facsimile, email ("PDF" or "tif" format) or other electronic or digital transmission (including by transmission over an electronic signature platform acceptable to the parties such as DocuSign, Adobe Acrobat Sign or the equivalent thereof) is deemed to have the same legal effect as delivery of a manually executed original counterpart of this Agreement. Electronic signature means a signature that consists of one or more letters, characters, numbers or other symbols in digital form incorporated in, attached to or associated with an electronic document that is sent or stored by means of any electronic or other digital transmission. The words "execution," "signed," "signature," and words of similar import in any agreement, instruction, document, information or other form of communication, shall be deemed to include electronic or digital signatures or the keeping of records in electronic form, each of which shall be of the same effect, validity and enforceability as manually executed signatures or a paper-based record keeping system, as the case may be, to the extent and as provided for under applicable law, including Parts 2 and 3 of the Personal Information Protection and Electronic Documents Act (Canada) and other similar federal or provincial laws.

11.10. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of New Brunswick, and each of the parties hereto irrevocably attorns to the jurisdiction of the courts of the Province of New Brunswick

11.11. No party to this Agreement may make any public announcement regarding the transactions contemplated herein without the prior written consent of the other parties, it being expressly contemplated that such consent may be provided by the Vendor Representative on behalf of the LCF Shareholders.

-- EXECUTION PAGE FOLLOWS --

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

THE PURCHASER:

ATLAS ENGINEERED PRODUCTS LTD.

by its authorized signatory:

"Mohammad Hadi Abassi"

Mohammad Hadi Abassi
CEO, President & Director

LCF:

LÉON CHOUINARD ET FILS CO. LTD./LTÉE

by its authorized signatory:

"Gilles Chouinard"

Name: Gilles Chouinard
Title: President

THE LCF SHAREHOLDERS

"Anik Chouinard"

ANIK CHOUINARD

"Kevin Chouinard"

KEVIN CHOUINARD

"Gilles Chouinard"

GILLES CHOUINARD

"Maurice Chouinard"

MAURICE CHOUINARD

"Daniel Chouinard"

DANIEL CHOUINARD

728908 N.-B. INC.

739580 N.-B. INC.

"Gilles Chouinard"

Name: Gilles Chouinard

Title: President

"Maurice Chouinard"

Name: Maurice Chouinard

Title: President

640973 NB INC.

640975 NB INC.

"Anik Chouinard"

Name: Anik Chouinard

Title: President

"Kevin Chouinard"

Name: Kevin Chouinard

Title:

728667 N.-B. INC.

728668 N.-B. INC.

"Daniel Chouinard"

Name: Daniel Chouinard

Title: President

"Anik Chouinard", "Kevin Chouinard"

Name: Anik Chouinard, Kevin Chouinard

Title: Directors

GESTION MAGNIK INC.

FIDUCIE FAMILIALE GM CHOUINARD (2033)

"Gilles Chouinard"

[NAMES OF TRUSTEES REDACTED]

Name: Gilles Chouinard

Title: President

Name: *[NAMES OF TRUSTEES REDACTED]*

Title: Trustees

(Continued on next page.)

THE LCF SHAREHOLDERS (continued)

745730 N.-B. INC.

"Daniel Chouinard"

Name: Daniel Chouinard
Title: President

745733 N.-B. INC.

"Anik Chouinard"

Name: Anik Chouinard
Title: President

745735 N.-B. INC.

"Kevin Chouinard"

Name: Kevin Chouinard
Title: President

SCHEDULE 3.3(h)

Required Consents to be Delivered by LCF and the LCF Shareholders Prior to or At Closing

None.

SCHEDULE 4.3A

Sample Working Capital Calculation Schedule

(See attached.)

[CALCULATION REDACTED]

SCHEDULE 4.3B

Sample Cash and Income Tax Calculation Schedule

(See attached.)

[CALCULATION REDACTED]

SCHEDULE 5.11Capitalization of LCF

Designation / Class of Security	Par Value	Amount Authorized	Amount Outstanding
Actions Ordinaires A	No	Unlimited	1,000
Actions Ordinaires A-2	No	Unlimited	0
Actions Ordinaires B	No	Unlimited	0
Actions Privilégiées C-1.1	No	Unlimited	0
Actions Privilégiées C-1.2	No	Unlimited	0
Actions Privilégiées C-1.3	No	Unlimited	0
Actions Privilégiées C-1.4	No	Unlimited	0
Actions Privilégiées C-2.1	No	Unlimited	635,744
Actions Privilégiées C-2.2	No	Unlimited	430,416
Actions Privilégiées C-2.3	No	Unlimited	8,472
Actions Privilégiées C-2.4	No	Unlimited	10,000
Actions Privilégiées C-2.5	No	Unlimited	10,143,193
Actions Privilégiées C-2.6	No	Unlimited	1,000
Actions Privilégiées C-2.7	No	Unlimited	10,000
Actions Privilégiées D-1	No	100	0
Actions Privilégiées D-2	No	100	0
Actions Privilégiées D-3	No	100	0
Actions Privilégiées D-4	No	100	0
Actions Privilégiées E	No	Unlimited	0
Actions Privilégiées F	\$0.001	Unlimited	105,400
Actions Privilégiées F-1	\$0.01	Unlimited	2,000
Actions Privilégiées F-2	\$0.02	Unlimited	1,000
Actions Privilégiées F-3	\$0.03	Unlimited	0

Actions Privilégiées G	No	Unlimited	0
Actions Privilégiées AV	No	Unlimited	0

LCF Shareholders and Allocation of Purchase Price

Name of Shareholder	No. and Class of Shares Held	Allocation of Cash Payment	Allocation of Purchaser Shares
728908 N.B. INC.	<i>[DETAILS REDACTED]</i>	<i>[DETAILS REDACTED]</i>	<i>[DETAILS REDACTED]</i>
739580 N.B. INC.			
640973 NB Inc.			
640975 NB Inc.			
728667 N.-B. INC.			
728668 N.-B. INC.			

Gestion Magnik Inc.

**Fiducie Familiale GM
Chouinard (2033)**

Anik Chouinard

Kevin Chouinard

Gilles Chouinard

Maurice Chouinard

Daniel Chouinard

745730 N.-B. INC.

745733 N.-B. INC.

745735 N.-B. INC.

\$,24,000,000.00

**\$2,000,000 worth of Purchaser
Parent Shares**

-
- (1) [DETAILS REDACTED]
 - (2) [DETAILS REDACTED]
 - (3) [DETAILS REDACTED]

SCHEDULE 5.13

Assumed Debts

None.

SCHEDULE 5.21

Permitted Pre-Closing Transactions

[TRANSACTIONS REDACTED]

SCHEDULE 5.23

Material Contracts

[CONTRACTS REDACTED]

SCHEDULE 5.23(1)

(See attached)

[CONTRACT REDACTED]

SCHEDULE 5.23(2)

(See attached)

[CONTRACTS REDACTED]

SCHEDULE 5.24

Litigation

[LITIGATION MATTER REDACTED]

SCHEDULE 5.28

Real Property

Real Property Held in Fee Simple

1. The Additional Lands, being:

[DETAILS REDACTED]

[ADDITIONAL PROPERTIES REDACTED]

SCHEDULE 5.29

Intellectual Property

1. Trade Secrets
 - (a) None.
2. Patents and Pending Patents
 - (a) None.
3. Registered Trademarks
 - (a) None.
4. Domain Names and Websites

[DOMAIN NAMES AND WEBSITES REDACTED]
- . Other Intellectual Property Rights
 - (a) NIL.

SCHEDULE 5.31

Related Party Indebtedness

[RELATED PARTY INDEBTENESS DETAILS REDACTED]

SCHEDULE 5.33

Environmental Matters

1. Environmental Permits

None.

2. Storage Tanks

[DETAILS REDACTED]

EXHIBIT A

Non-Competition Agreement

(See attached.)

NON-COMPETITION AND NON-SOLICITATION AGREEMENT

This Non-Competition and Non-Solicitation Agreement, dated as of August 23, 2023 (this "**Agreement**"), is entered into by and among ATLAS ENGINEERED PRODUCTS LTD., a British Columbia corporation (the "**Purchaser**") and each of those persons set forth on the signature page hereto (collectively, the "**Vendors**").

WHEREAS:

- A. Purchaser and Vendors, and/or certain Affiliates of Vendors, have entered into that certain Share Purchase Agreement, dated as of August 23, 2023 (the "**Purchase Agreement**") under which Vendors have agreed to sell to Purchaser, and Purchaser has agreed to purchase from Vendors, all the issued and outstanding shares in the capital (the "**Purchased Shares**") of Léon Chouinard et Fils Co. Ltd./Ltée. ("**LCF**"), all as more fully described therein;
- B. This Agreement is being entered into by Vendors and Purchaser as required under the terms of the Purchase Agreement;
- C. Vendors and Purchaser agree that this Agreement is necessary in order that Purchaser receives the full benefit of the goodwill of the Business and to maintain and preserve the fair market value ("**FMV**") of all of the Purchased Shares and, therefore, Vendors are willing to enter into this Agreement to protect that goodwill and maintain or preserve that FMV;
- D. Vendors acknowledge that this Agreement is an integral part of the transaction contemplated by the Purchase Agreement under which Vendors shall receive significant benefits and that Purchaser is relying on the covenants and acknowledgements given herein by Vendors in connection with the Purchaser's purchase of the Purchased Shares and LCF; and

NOW, THEREFORE, in consideration of the mutual agreements and covenants hereinafter set forth, the parties hereby agree with each other as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 Capitalized terms used herein and not otherwise specifically defined herein shall have the meaning ascribed to such terms in the Purchase Agreement.
- 1.2 Definitions. In this Agreement, in addition to any of the defined terms set forth in the recitals to this Agreement, the following terms and expressions will have the following meanings:
 - (a) "Affiliate" of a person means another person that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the first person, where "control", "controlled by" and "common control with" means the power to direct or cause the direction of management or policies.
 - (b) "Business" has the meaning set forth in the Purchase Agreement.
 - (c) "Closing Date" means the date of this Agreement.
 - (d) "FMV" has the meaning set forth in the recitals.
 - (e) "Person" means an individual, corporation, company, limited liability company, body corporate, partnership, joint venture, regulatory body or agency, government or governmental agency or authority, unincorporated organization, trust, association or other entity.
 - (f) "Restrictive Covenants" has the meaning set forth in Section 3.1.
 - (g) "Tax Act" means the *Income Tax Act* (Canada).

(h) "Territory" means the Province of New Brunswick, Canada.

1.3 This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

2. NON-COMPETITION

2.1 Non-Competition. Subject to Section 2.2, Vendors shall not, for a period of five (5) years from the Closing Date, directly or indirectly through any other person, including but not limited to any Affiliate, engage in, enter the employ of, render any services to, have any ownership interest in, nor participate in the financing, operation, management or control of, any Competing Business. For purposes of this Section, the phrase "directly or indirectly through any other person engage in" shall include, without limitation, any direct or indirect ownership or profit participation interest in such enterprise, whether as an owner, stockholder, member, partner, joint venturer or otherwise, and shall include any direct or indirect participation in such enterprise as an employee, consultant, director, officer, licensor of technology or otherwise. For purposes of this Agreement, "**Competing Business**" means a business that is carried on in the Territory that is the same as, or substantially similar to, the Business as carried on by LCF as of the Closing Date.

2.2 Exception. Nothing herein shall prevent Vendors or any Affiliate of Vendors from being a passive owner of not more than 2% of the outstanding stock or other securities of any class of an entity carrying on a Competing Business which is publicly traded, so long as the Vendors do not have any active participation in the Competing Business.

2.3 Employees. Vendors shall not, for a period of five years from the Closing Date, directly or indirectly solicit for employment, hire or otherwise contract for the services of, or aid in the solicitation, hiring or contracting for, the services of any employee of LCF or its Affiliates; *provided that* nothing in this Section 2.3 shall prohibit Vendors from making general solicitation advertisements that are not targeted at any employee of LCF or its Affiliates and from hiring any such employee that responds to a general solicitation advertisement or whose employment has been terminated by LCF or its Affiliates.

2.4 Customers. Subject to Section 2.2, Vendors shall not, for a period of five years from the Closing Date, directly or indirectly, solicit or contract with any Person who was a customer or client of the Business at any time during the one-year period preceding the date hereof for the purpose of selling to those customers or clients any products or services in the Territory that are the same as, substantially similar to, or in any way competitive with the products or services of the Business as presently carried on as of the Closing Date.

2.5 Suppliers. Subject to Section 2.2, Vendors shall not, for a period of five years from the date hereof, directly or indirectly, solicit or contract with any Person who was a supplier to the Business at any time during the one-year period preceding the date hereof for the purpose of purchasing from those suppliers any products or services that are the same as, substantially similar to, or in any way competitive with the products or services of the Business as presently carried on as of the Closing Date; *provided that* nothing in this Section 2.5 shall prohibit Vendors from continuing to engage professionals (such as lawyers, professional accountants or investment or financial advisors), bankers, utilities and telecommunications service providers that were suppliers to the Business before the Closing Date.

2.6 Non-Disparagement. Vendors shall not, for a period of five years from the Closing Date, directly or indirectly, in any manner whatsoever, including either individually, in partnership, jointly or in conjunction with any other Person, or as principal, agent, director, officer, employee, consultant or shareholder, defame or actively disparage the commercial, business or financial reputation of LCF, Purchaser or their Affiliates, any of their products or services, or any of their respective shareholders, employees, officers or directors.

3. **Restrictive Covenant**

3.1 Restrictive Covenant. The parties intend that the conditions set forth in section 56.4(7) of the Tax Act have been satisfied such that section 56.4(5) of the Tax Act applies to any “restrictive covenants” (as defined in section 56.4(1) of the Tax Act) granted by Vendors under this Agreement with respect to the Business carried on by the Corporation (collectively, the “Restrictive Covenants”). Accordingly, the parties acknowledge and agree that:

- (a) no proceeds shall be received or receivable by Vendors for granting the Restrictive Covenants for purposes of section 56.4(7)(d) of the Tax Act;
- (b) and the Restrictive Covenants are integral to the Purchase Agreement and have been granted to maintain or preserve the FMV of the Purchased Shares.

4. **MISCELLANEOUS**

4.1 Equitable Remedies. Vendors acknowledges that a breach or threatened breach by Vendors of any provision of this Agreement will result in Purchaser suffering irreparable harm that cannot be calculated fully or adequately by recovery of damages alone. Accordingly, Vendors agrees that, in addition to any other relief to which Purchaser may become entitled, Purchaser shall be entitled to interim and permanent injunctive relief, specific performance and other equitable remedies.

4.2 Vendor Employment Agreements. The parties hereto acknowledge and agree that, in addition to this Agreement, certain Vendors are expected to enter into separate employment or consulting agreements with LCF and/or the Purchaser (collectively, the “Employment Agreements”) and that the restrictive covenants and agreements contained herein are granted in connection with the sale of the Purchased Shares by the Vendors to the Purchaser, and that the provisions of this Agreement are intended to be separately enforceable from any restrictive covenants granted by any of the Vendors under the Employment Agreements.

4.3 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

4.4 Reasonableness; Severability. Vendors acknowledges that the restrictions contained in this Agreement are reasonable and necessary to protect the legitimate interests of Purchaser and constitute a material inducement to Purchaser entering into this Agreement and the Purchase Agreement and consummating the transactions contemplated by this Agreement and the Purchase Agreement. The covenants contained in this Agreement and each provision hereof are severable **and** distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

4.5 Successors and Assigns. This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns. This Agreement may not be assigned, in whole or in part, by Vendors without the prior written consent of Purchaser. Purchaser may assign its rights under this Agreement to a non-Affiliate acquirer of all or substantially all of the assets relating to the Business (whether by asset sale or an acquisition of control of LCF or Purchaser by way of sale of shares or partnership interests or under a plan of arrangement or similar acquisition transaction).

4.6 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

4.7 Governing Law; Forum.

- (a) This Agreement shall be governed by and construed in accordance with the laws of the province of New Brunswick and the federal laws of Canada applicable therein.
- (b) Any action or proceeding arising out of or based upon this Agreement may be brought in the courts of the province of New Brunswick, and each party irrevocably submits and agrees to attorn to the exclusive jurisdiction of that court in any such action or proceeding. Each of the parties irrevocably and unconditionally waives any objection to the venue of any action or proceeding in that court and irrevocably waives and agrees not to plead or claim in that court that such action or proceeding has been brought in an inconvenient forum.

-- EXECUTION PAGE FOLLOWS --

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

THE PURCHASER:

ATLAS ENGINEERED PRODUCTS LTD.

by its authorized signatory:

Mohammad Hadi Abassi
Chief Executive Officer & Director

[Signature Page for Vendors Follows]

THE VENDORS:

ANIK CHOUNARD

KEVIN CHOUNARD

GILLES CHOUNARD

MAURICE CHOUNARD

DANIEL CHOUNARD

728908 N.-B. INC.

739580 N.-B. INC.

Name:
Title:

Name:
Title:

640973 NB INC.

640975 NB INC.

Name:
Title:

Name:
Title:

728667 N.-B. INC.

728668 N.-B. INC.

Name:
Title:

Name:
Title:

GESTION MAGNIK INC.

FIDUCIE FAMILIALE GM CHOUNARD (2033)

Name:
Title:

Name:
Title:

(Continued on next page.)

THE VENDORS (continued)

745730 N.-B. INC.

Name: Daniel Chouinard
Title:

745733 N.-B. INC.

Name: Anik Chouinard
Title:

745735 N.-B. INC.

Name: Kevin Chouinard
Title:

EXHIBIT B

Escrow Agreement

(See attached.)

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement") is dated the 23rd day of August, 2023.

AMONG:

ATLAS ENGINEERED PRODUCTS LTD., a corporation duly formed under the laws of the Province of British Columbia, with its registered office located at 595 Howe Street, Suite 704, Vancouver, BC V6C 2T5

(the "Purchaser")

OF THE FIRST PART

AND:

LÉON CHOUINARD ET FILS CO. LTD./LTÉE, a corporation duly formed under the laws of the Province of New Brunswick, with its registered office located at 199 Rue L'Anse, Eel River Crossing, NB E8E 1R2

("LCF")

OF THE SECOND PART

AND:

Those shareholders of LCF set forth in the attached Schedule "A", as represented by *[NAME REDACTED]*

(each a "Vendor" and collectively, the "Vendors", and *[NAME REDACTED]* being the "Vendors' Representative")

OF THE THIRD PART

AND:

COX & PALMER, a partnership, having a place of business at Suite 500, 644 Main Street, Moncton, New Brunswick

(the "Escrow Agent")

OF THE FOURTH PART

WHEREAS the execution, delivery and performance of this Escrow Agreement between the Purchaser, the Vendors and the Escrow Agent is a condition precedent to the obligation of the parties to complete the transactions and satisfy the obligations set forth in the Share Purchase Agreement between the Purchaser and the Vendors dated August 23, 2023 (the "Purchase Agreement");

NOW THEREFORE, in consideration of the premises and mutual agreements herein contained, and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each party), the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

The capitalized words and expressions used in this Escrow Agreement or in its Schedules, unless otherwise defined herein, shall have the meaning ascribed to them in the Purchase Agreement.

1.2 Articles, Sections and Headings

The division of this Escrow Agreement into Articles, Sections and Schedules and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Escrow Agreement. The terms “hereof”, “hereunder” and similar expressions refer to this Escrow Agreement and not to any particular Article, Section or Schedule hereof and include any agreement supplemental hereto. References herein to Articles, Sections or Schedules are to Articles, Sections and Schedules of this Escrow Agreement unless otherwise expressly stated herein.

1.3 Extended Meanings

In this Escrow Agreement words importing the singular number also include the plural and vice versa and words importing any gender include all genders. The term “including” means “including, without limiting the generality of the foregoing”.

1.4 Currency

Except as expressly provided herein, all references to currency contained herein are to lawful money of Canada.

1.5 Calculation of Time

1.5.1 *Time*. Time is of the essence of this Escrow Agreement.

1.5.2 *Calculation of Time*. Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends. Where the last day of any such time period is not a Business Day, such time period shall be extended to the next Business Day following the day on which it would otherwise end.

1.5.3 *Business Days*. Whenever any action to be taken or payment to be made pursuant to this Escrow Agreement would otherwise be required to be made on a day that is not a Business Day, such action shall be taken or such payment shall be made on the first Business Day following such day.

1.5.4 *Time of Day*. All references to times of the day are to the times of the day in the Province of New Brunswick.

**ARTICLE 2
APPOINTMENT AND ESCROW AMOUNT**

2.1 Appointment

The parties hereto hereby appoint the Escrow Agent to act as escrow agent pursuant to the terms and provisions of this Escrow Agreement. The Escrow Agent acknowledges receipt from the Purchaser of a sum in the amount of [\$2,400,000 plus 10% of any increase to the Cash Payment resulting from the closing adjustments set forth in the Purchase Agreement] (the “**Escrow Amount**”), including, as applicable, any interest earned thereon in accordance with this Agreement, which shall be held and dealt with by the Escrow Agent in accordance with the terms of this Escrow Agreement. The Escrow Agent acknowledges and agrees that it is not the beneficial owner of the Escrow Amount but holds same as agent for the Purchaser and the Vendors on the terms and conditions set out herein.

2.2 Interest

The Purchaser and the Vendors acknowledge that the Escrow Amount shall be deposited in a separate interest bearing trust account with a Canadian banking institution (the “**Escrow Account**”).

2.3 Payment

The parties hereto understand and agree that the Escrow Agent shall never be compelled to deliver to any party hereto any amount which exceeds the sums available in the Escrow Account. Any amount required to be paid in excess of the Escrow Amount (together with any interest) shall be payable directly by such party to the party entitled to such payment pursuant to this Escrow Agreement or the Purchase Agreement.

**ARTICLE 3
ESCROW CONDITIONS AND RELEASE**

3.1 Release Process for Escrow Amount

3.1.1 All parties hereto acknowledge and confirm that the Escrow Amount (including any interest earned thereon) shall be held in trust in accordance with the terms hereof and the Purchase Agreement.

3.1.2 Notwithstanding any other provision of this Agreement, the Escrow Agent shall not be entitled to release any of the Escrow Amount (including any interest earned thereon) to the Vendors or the Buyer (or as such parties may jointly direct in writing), without the Escrow Agent having first received one or more irrevocable directions jointly executed and delivered by the Vendors’ Representative and the Purchaser directing the Escrow Agent to release such portion of the Escrow Amount (including any interest earned thereon) other than in the event a dispute has been finally settled in accordance with the provisions of Section 4.3 of the Purchase Agreement.

**ARTICLE 4
RESIGNATION, REMOVAL OF ESCROW AGENT**

The Escrow Agent may resign and be discharged from all further duties and liabilities hereunder upon ten (10) Business Days prior written notice to the other parties hereto, and may be removed from its

office of Escrow Agent by the Purchaser and the Vendors' Representative at any time upon not less than ten (10) Business Days' prior written notice given to the Escrow Agent by the Purchaser and the Vendors' Representative acting jointly. Upon the resignation, discharge or removal of the Escrow Agent, the Escrow Agent shall release the Escrow to any person designated by the Purchaser and the Vendors' Representative, acting jointly, in a written notice delivered to the Escrow Agent not later than two (2) Business Days following such discharge or termination (the "Transfer Notice"). Where the Purchaser and the Vendors' Representative acting jointly fail to remit the Transfer Notice to the Escrow Agent in the manner set forth in this Article 4, the Escrow Agent shall release the Escrow Amount (including any interest earned thereon) to a trust company or legal counsel licensed and in good standing in New Brunswick, of its choosing, at the cost and expense of the Purchaser and the Vendors.

ARTICLE 5 DUTIES AND LIABILITIES OF THE ESCROW AGENT

5.1 Duties and liabilities

The Escrow Agent shall have no duties or responsibilities other than those expressly set forth in this Escrow Agreement, and no implied duties or obligations of the Escrow Agent shall be read into this Escrow Agreement. In addition:

- 5.1.1 The Escrow Agent shall have no duty to enforce any obligation of any person, other than as expressly provided herein.
- 5.1.2 The Escrow Agent shall not be liable for any action taken or omitted by it, in good faith and in the exercise of its reasonable judgment, unless it shall be proved that the Escrow Agent committed an intentional or gross fault, gross negligence, or wilful misconduct.
- 5.1.3 The Escrow Agent may rely, and shall be protected in acting, upon any judgment, order, notice, demand, direction, certificate or other instrument, paper or document which may be submitted to it in connection with its duties hereunder and the directions incorporated therein and which is or are believed by the Escrow Agent to be genuine and signed or presented by the proper Person(s), and may accept same as sufficient evidence of the facts stated therein. The Escrow Agent shall in no way be bound to request further evidence (whether as to due execution or validity or as to the truth of any fact), and shall not be responsible for any loss that may be occasioned by its failing to do so.
- 5.1.4 If the Escrow Agent shall be uncertain as to its duties or rights hereunder or shall receive instructions, claims or demands from any party hereto or from a third person with respect to any matter arising pursuant to this Escrow Agreement which, in its opinion, are in conflict with any provision of this Escrow Agreement, it shall be entitled to obtain all third party counsel as it shall deem necessary in its discretion and shall at all times be further entitled to refrain from taking any action authorized and directed hereunder until it shall be authorized or directed otherwise in writing by each of the relevant parties hereto, or by an order of a court of competent jurisdiction from which no further appeal may be taken.
- 5.1.5 The Escrow Agent is automatically released from any and all liabilities and obligations upon release of the Escrow Amount (including any interest earned thereon) in accordance with Article 3.

**ARTICLE 6
INDEMNIFICATION OF ESCROW AGENT**

6.1 Indemnification

The parties hereto will hold harmless and solidarily indemnify the Escrow Agent and its respective partners, officers, directors and employees (the “**Releasees**”) against all actions, proceedings, losses, liabilities, costs, claims and demands incurred or sustained by any Releasee in respect of any matter or thing done by it under, pursuant to or in connection with this Escrow Agreement, or otherwise arising in connection with the Escrow Agent acting as Escrow Agent hereunder, except insofar as the same arose through the intentional or gross fault, gross negligence or wilful misconduct, of the Escrow Agent. Notwithstanding anything else herein contained, this indemnity shall survive the termination of this Escrow Agreement.

6.2 Claim

The Escrow Agent shall not have the obligation to initiate a claim, defend a claim or intervene to a claim with respect to this Escrow Agreement unless and until it has been indemnified for all the Escrow Fees and for all fees and expenses that it would have to incur with respect to such claim.

**ARTICLE 7
TERMINATION OF THIS ESCROW AGREEMENT**

Upon the resignation or discharge of the Escrow Agent or upon the release of all of the Escrow Amount (and any interest earned thereon) in accordance with this Escrow Agreement, this Escrow Agreement shall terminate, subject however to the terms set forth in Article 6 and Article 8.

**ARTICLE 8
CONTINUING LEGAL COUNSEL**

The parties hereto acknowledge and agree that, notwithstanding any dispute which may arise with respect to the matters referred to herein, the Escrow Agent has acted and shall be entitled to continue to act as legal counsel to the Vendors in connection with any matter, and that its appointment as Escrow Agent shall in no way hinder its ability to continue to so act. With respect to this Escrow Agreement, the parties hereto acknowledge and agree that the Escrow Agent is not acting on behalf of any party. In addition, in the event of a dispute between the parties hereto with respect to an issue other than the issues included herein, the parties hereto acknowledge and agree that the Escrow Agent may continue to act on behalf of the Vendors and that its appointment as escrow agent hereunder in no way restricts its ability to act in such fashion.

**ARTICLE 9
GENERAL PROVISIONS**

9.1 Further Assurances

Each of the parties hereto shall from time to time execute and deliver all such further documents and instruments and do all acts and things as another party may, either before or after the Closing Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Escrow Agreement.

9.2 No Waiver

Failure of a party hereto to insist upon the strict performance of any term or condition of this Escrow Agreement or to exercise any right, remedy or recourse hereunder shall not be construed as a waiver or relinquishment of any such term and condition.

9.3 Successors, Assigns and Assignment

This Escrow Agreement will enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the parties hereto. Except as set forth in Article 4, this Escrow Agreement may not be assigned by any party hereto without the prior written consent of the other parties.

9.4 Entire Agreement

This Escrow Agreement, together with Article 2 and other applicable provisions of the Purchase Agreement (as between the parties hereto other than the Escrow Agent, which shall not be bound by any such terms), constitutes the entire agreement between the parties hereto with respect to the subject matters hereof and cancels and supersedes any prior understandings and agreements between the parties with respect hereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties hereto other than as expressly set forth in this Escrow Agreement.

9.5 Amendments and Waivers

No amendment to this Escrow Agreement shall be valid or binding unless set forth in writing and duly executed by all parties hereto. No waiver of any breach of any provision of this Escrow Agreement shall be effective or binding unless made in writing and signed by the party purporting to give same and, unless otherwise provided, will be limited to the specific breach waived.

9.6 Notices

Any notice, direction or other communication to be given under this Escrow Agreement shall be in writing and given or made in accordance with Section 8.2 of the Purchase Agreement which shall apply, mutatis mutandis, to this Escrow Agreement, provided that any such notice, direction or other communication intended for the Escrow Agent shall be addressed:

Cox & Palmer
Suite 500, 644 Main Street
Moncton, NS E1C 1E2

[CONTACT DETAILS REDACTED]

Governing Law and Forum

9.7 This Escrow Agreement shall be governed by and construed in accordance with the Laws of the Province of New Brunswick and the Laws of Canada applicable therein (excluding any conflict of laws rule or principle, foreign or domestic, which might refer such interpretation to the laws of another jurisdiction). The parties hereto hereby irrevocably and unconditionally

submit to the exclusive jurisdiction of the courts of the Province of New Brunswick with respect to any matter relating to the execution or construction of this Escrow Agreement or the exercise of any right or the enforcement of any obligation arising hereunder.

9.8 Severability

If any provision of this Escrow Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

9.9 Counterparts

This Escrow Agreement may be executed in one or more counterparts, each of which shall conclusively be deemed to be an original but all of which taken together shall be deemed to constitute one and the same agreement. A facsimile transmission or electronic delivery in portable document format (pdf) of this Escrow Agreement bearing a signature on behalf of a party shall be legal and binding on such party.

(SIGNATURE PAGE FOLLOWS)

SCHEDULE "A"
Vendors

728908 N.-B. Inc., a New Brunswick corporation
739580 N.-B. Inc. a New Brunswick corporation
640973 NB Inc. a New Brunswick corporation
640975 NB Inc. a New Brunswick corporation
728667 N.-B. Inc. a New Brunswick corporation
728668 N.-B. Inc. a New Brunswick corporation
745730 N.-B. Inc. a New Brunswick corporation
745733 N.-B. Inc. a New Brunswick corporation
745735 N.-B. Inc. a New Brunswick corporation
Gestion Magnik Inc. a New Brunswick corporation
Fiducie Familiale GM Chouinard (2033), a trust governed by the law of the Province of New Brunswick, as represented by its trustees, [NAMES REDACTED]
Anik Chouinard, currently residing in [LOCATION REDACTED]
Kevin Chouinard currently residing in [LOCATION REDACTED]
Gilles Chouinard currently residing in [LOCATION REDACTED]
Maurice Chouinard currently residing in [LOCATION REDACTED]
Daniel Chouinard currently residing in [LOCATION REDACTED]