

SHARE PURCHASE AGREEMENT

THIS AGREEMENT is dated December 16, 2024.

AMONG:

MEDIPHARM LABS INC., a corporation existing under the laws of the Province of Ontario

(“Seller”)

MEDIPHARM LABS CORP., a corporation existing under the laws of the Province of Ontario

(“Guarantor”)

- and -

KENSANA HEALTH INC., a corporation existing under the laws of the Province of Ontario

(“Buyer”)

WHEREAS, the Seller wishes to sell to the Buyer and the Buyer wishes to purchase from the Seller, 100 Class A Shares (as defined below) in the capital of the Corporation (as defined below), that being 100% of the issued and outstanding shares of the Corporation, as more particularly described herein.

AND WHEREAS, the Seller is a wholly-owned subsidiary of the Guarantor and the Guarantor has agreed to enter into this Agreement solely for the purposes of Section 11.16.

THEREFORE, the Parties agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Agreement, the following terms have the following meanings:

“**ABCann IP**” means the trade-marks and trade-mark applications, trade names, certification marks, copyrights, and domain names relating to the “ABCann” name used by the Corporation.

“**Act**” means the *Business Corporations Act* (Ontario) as amended from time to time.

“**Affiliate**” means, in relation to a Person that is not an individual, any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person.

“**Agreement**” means this agreement, including all Schedules and Exhibits, as it may be confirmed, amended, modified, supplemented or restated by written agreement between the Parties.

“**Books and Records**” means all books, ledgers, files, lists, reports, plans, logs, correspondence, operating records, operating procedures, Tax Returns, and other data and information, including all data and information stored on computer-related or other electronic media, maintained in connection with the Business and the Corporation.

“**Business**” means the business carried on by the Corporation, including the standard cultivation of cannabis, the standard processing of cannabis and the sale of cannabis for medical purposes.

“**Business Day**” means any day excluding a Saturday, Sunday or statutory holiday in the Province of Ontario, and also excluding any day on which the principal chartered banks located in the City of Toronto are not open for business during normal banking hours.

“**Buyer**” is defined in the recital of the Parties above.

“**Buyer Break-Up Fee**” has the meaning set forth in Section 10.2.3.

“**Buyer’s Accountant**” means the Toronto office of Grant Thornton LLP.

“**Class A Share**” means a class A common share in the capital of the Corporation.

“**Closing**” means the completion of the sale to, and purchase by, the Buyer of the Purchased Shares pursuant to this Agreement.

“**Closing Amount**” has the meaning set forth in Section 2.3.3.

“**Closing Date**” means no later than December 31, 2024, or any other date that the Parties have agreed is the date upon which the Closing should take place.

“**Closing Time**” means 10:00 a.m. on the Closing Date at which the Closing takes place.

“**Closing Working Capital Statement**” is defined in Section 6.4.3.

“**Communication**” means any notice, demand, request, consent, approval or other communication which is required or permitted by this Agreement to be given or made by a Party.

“**Contract**” means any agreement, understanding, undertaking, commitment, licence, or lease, whether written or oral.

“**Corporate Articles**” means all constating documents of the Corporation including the articles and by-laws of the Corporation.

“**Corporation**” means ABcann Medicinals Inc., a corporation existing under the laws of Ontario.

“**Corporation Disclosure Schedule**” means the disclosure schedule of the Corporation, set forth herein as Exhibit 1.

“**Current Assets**” means the sum of the cash, accounts receivables, prepaids, and finished goods inventory and harvested work in progress inventory of the Corporation.

“**Current Liabilities**” means the sum of the accounts payables (including any Outstanding Accounts Payable and Taxes payable) and accrued liabilities (including fees owing to Governmental Entities), the current portion of long-term debt and employee benefit obligations of the Corporation.

“**Data Room**” means that certain due diligence data site created by or on behalf of the Seller.

“**Direct Claim**” is defined in Section 9.5(iii).

“**Dispute**” is defined in Section 11.4.

“**Disputing Parties**” is defined in Section 11.4.

“**Employee Plans**” is defined in Section 4.27.3.

“**Employees**” means all personnel and independent contractors employed, engaged or retained by the Corporation in connection with the Business, including any that are on medical or long-term disability leave, or other statutory or authorized leave of absence.

“**Encumbrance**” means any security interest, mortgage, charge, pledge, hypothec, lien, encumbrance, restriction, option, adverse claim, right of others or other encumbrance of any kind.

“**Environment**” means all components of the earth, including air (and all layers of the atmosphere), land (and all surface and subsurface soil, underground spaces and cavities, sediment and all land submerged under water) and water (and all surface and underground water), organic and inorganic matter and living organisms. For greater certainty, the interacting natural systems that include components referred to above are included in the definition of “Environment”.

“**Environmental Laws**” means all applicable Laws relating to public health and safety, pollution or the protection of the Environment, including civil responsibility for acts or omissions with respect to the Environment, and all authorizations issued or required to be issued pursuant to such Laws.

“**Equipment Leases**” means master leases, leases, equipment schedules, contracts, repair commitments and the like, with respect to any equipment leased under operating or capital leases by the Corporation entered into in the ordinary course.

“Exclusions from the Transaction” means all of the assets set out in Schedule 1.1(a), which shall not form part of the Business and/or the Corporation as at Closing, and are not contemplated to be sold to the Buyer pursuant to the transactions contemplated by this Agreement.

“Financials” means the trial balances of the Corporation for the financial year ended December 31, 2023, and the interim period ended September 30, 2024.

“Fundamental Representations” is defined in Section 9.1(i).

“Governmental Entity” means (i) any governmental or public department, central bank, court, commission, board, bureau, agency, commissioner, minister, governor-in-council, cabinet, tribunal or instrumentality whether international, multinational, national, federal, provincial, state, municipal, local or other, (ii) any subdivision or authority of any of the above, (iii) any securities regulatory authority or stock exchange and (iv) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

“Guarantee” is defined in Section 11.16.

“IFRS” means International Financial Reporting Standards.

“Indemnified Party” means the Party(ies) or other indemnified Person(s) entitled to make a claim for indemnification under any provision of Article 9.

“Indemnifying Party” means the Party(ies) providing indemnification under any provision of Article 9.

“Initial Deposit” is defined in Section 2.3.

“Insurance Policies” means the insurance policies maintained by the Corporation, or on behalf of the Corporation, with respect to the Business.

“Intellectual Property” means all trade-marks and trade-mark applications, trade names, certification marks, patents and patent applications, copyrights, domain names, industrial designs, trade secrets, know-how, formulae, processes, inventions, technical expertise, research data and other similar property, owned by or licensed to the Corporation, including all associated registrations and applications for registration, and all associated rights, including moral rights.

“Interest Rate” means the Bank of Montreal prime interest rate plus 5%. Such interest shall be calculated daily on the basis of a 365- or 366-day year and the actual number of days elapsed, without compounding.

“Interim Period” means the period between the date this Agreement is signed, and the Closing Date.

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

“**Knowledge of the Seller**” is defined in Section 1.6.

“**Laws**” means (i) all constitutions, treaties, laws, statutes, codes, ordinances, principles of common law, notices, orders, decrees, rules, regulations and municipal by-laws, whether domestic, foreign or international, (ii) all judgments, orders, writs, injunctions, decisions, rulings, decrees, directions, sanctions and awards of any Governmental Entity, and (iii) all policies, practices and guidelines of any Governmental Entity which, although not actually having the force of law, are considered by such Governmental Entity as requiring compliance as if having the force of law or which establish the interpretative position of the law by such Governmental Entity, in each case binding on or affecting the Person referred to in the context in which such word is used.

“**Leases**” means the leases, offers to lease, subleases, licences, sublicences and the like related to the Business.

“**LOI**” means the non-binding letter of intent dated May 23, 2024 between the Buyer and MediPharm Labs Corp.

“**Loss**” means any actual loss, liability, damage, cost, expense, charge, fine, penalty or assessment including the reasonable costs and expenses of any action, suit, proceeding, demand, assessment, judgment, settlement or compromise and all interest, fines, penalties and all reasonable professional fees and disbursements. For greater certainty, “**Loss**” shall exclude any consequential, punitive, incidental, exemplary, indirect or special damages.

“**Material Adverse Effect**” means, individually or in the aggregate, a change, event, effect or occurrence that, taken as a whole, is materially adverse to the Business, results of operations, assets, properties, liabilities (contingent or otherwise) or financial condition of the Corporation; provided however that any change, event, effect or occurrence attributable to or resulting from (i) economic, business or financial events, conditions or trends generally, (ii) financial market conditions, including interest rates or changes therein, (iii) changes in conditions affecting the cannabis industry, which changes do not disproportionately affect the Business, (iv) changes in applicable Law after the date hereof affecting the Business, which changes do not disproportionately affect the Business, (v) changes in IFRS or regulatory principles applicable to the Corporation which changes do not disproportionately affect the Business, (vi) the announcement or pendency of the transactions contemplated by this Agreement, (vii) the failure of the Corporation to meet any internal or public projections, forecasts or estimates of performance, revenue or earnings; or (viii) any action (or the effects of any action) taken (or omitted to be taken) upon the request or instruction of, or with the consent of, the Buyer or actions that are taken (or omitted to be taken), consistent with the terms hereof that are necessary to consummate the transactions contemplated in this Agreement, do not constitute Material Adverse Effects and are not to be taken into account in determining whether a Material Adverse Effect has occurred.

“**Material Contract**” means a Contract that:

- (i) involves or may result in the payment of money or money's worth by the Corporation in an amount in excess of \$25,000;
- (ii) has an unexpired term of more than one year (including renewals);
- (iii) cannot be terminated by the Corporation without penalty upon less than 30 days' notice; or
- (iv) the termination of which, or under which the loss of rights, would constitute a Material Adverse Effect.

"MediPharm Customers" means those customers of the Corporation listed in Schedule 1.1(b).

"Outstanding Accounts Payable" means all outstanding accounts payable of the Corporation as at Closing.

"Outside Date" means January 15, 2025.

"Parties" means the Seller, the Guarantor and the Buyer, collectively, and **"Party"** means any one of them.

"Permitted Encumbrances" means the Encumbrances listed in Schedule 4.20 of the Corporation Disclosure Schedule.

"Permits" means the authorizations, registrations, permits, certificates of approval, approvals, grants, licences, quotas, consents, commitments, rights or privileges (other than those relating to the Intellectual Property) issued or granted by any Governmental Entity to the Corporation.

"Person" will be broadly interpreted and includes:

- (i) a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person;
- (ii) a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and
- (iii) a Governmental Entity.

"Plans" means all Employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, change of control, compensation, retirement, salary continuation, stock option, stock purchase, stock appreciation, health, welfare, medical, dental,

accident, disability, life insurance and other plans, arrangements, agreements, programs, policies, practices or undertakings, whether oral or written, funded or unfunded, registered or unregistered, insured or self-insured:

- (i) that are sponsored or maintained or funded, in whole or in part, by the Corporation, or to which the Corporation contributes or is obligated to contribute for the benefit of Employees or former Employees, and their respective beneficiaries; or
- (ii) under which the Corporation has any liability or contingent liability.

“Post-Closing Adjustment” is defined in Section 6.4.4.

“Pre-Closing Tax Period” means any taxable period ending 11:59PM on the day before the Closing Date and the portion of any Straddle Period immediately before the Closing Date.

“Purchase Price” is defined in Section 2.2.

“Purchased Shares” means the 100 Class A Shares, that being 100% of the issued and outstanding shares of the Corporation, to be purchased on the Closing Date by the Buyer from the Seller.

“Real Property” means the property located at 126 Vanluven Road, Napanee, Ontario, K7R 3L2, owned by the Corporation.

“Remaining Liabilities” is defined in Section 6.4.1.

“Remaining Liabilities” is defined in Section 6.4.2.

“Representatives” means, with regard to any specified Person, such Person’s directors, officers, employees, partners, members, Affiliates, financial advisors, attorneys, accountants, consultants, agents and representatives.

“Resolution Period” is defined in Section 6.4.3.

“Retained Employees” means those employees of the Corporation listed in Schedule 1.1(c).

“Review Period” is defined in Section 6.4.3.

“Securities” has the meaning given to that term in the *Securities Act* (Ontario).

“Seller” is defined in the recital of the Parties above.

“Seller Break-Up Fee” has the meaning set forth in Section 10.2.2.

“Seller’s Accountant” means the Toronto office of KPMG LLP.

“Seller’s Counsel” means Aird & Berlis LLP.

“**Services**” is defined in Schedule 6.4.1.

“**Statement of Objections**” is defined in Section 6.4.3.

“**Straddle Period**” means any taxable period that begins on or before the Closing Date and ends after the Closing Date.

“**Subsequent Deposit**” is defined in Section 2.3.

“**Supply and Services Agreement**” means the supply and services agreement to be entered into by the Parties, or each of its Affiliates, as at the Closing Date on substantially the terms attached hereto as Schedule 6.4.8.

“**Tax**” means all taxes, duties, fees, premiums, assessments, imposts, levies, rates, withholdings, dues, government contributions and other charges of any kind whatsoever, whether direct or indirect, together with all interest, penalties, fines, additions to tax or other additional amounts, imposed by any Governmental Entity.

“**Tax Law**” means any Law that imposes Taxes or that deals with the administration or enforcement of liabilities for Taxes.

“**Tax Return**” means any return, report, declaration, designation, election, undertaking, waiver, notice, filing, information return, statement, form, certificate or any other document or materials relating to Taxes, including any related or supporting information with respect to any of those documents or materials listed above in this definition, filed or to be filed with any Governmental Entity in connection with the determination, assessment, collection or administration of Taxes.

“**Third-Party Claim**” is defined in Section 9.5(i).

“**Working Capital**” means the Current Assets minus the Current Liabilities of the Corporation.

1.2 Certain Rules of Interpretation

1.2.1 In this Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the words “including” or “includes” in this Agreement is to be construed as meaning “including, without limitation” or “includes, without limitation”, respectively.

1.2.2 The division of this Agreement into Articles and Sections, the insertion of headings and the inclusion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Agreement.

1.2.3 References in this Agreement to an Article, Section, Schedule or Exhibit are to be construed as references to an Article, Section, Schedule or Exhibit of or to this Agreement unless otherwise specified.

1.2.4 Unless otherwise specified, any reference in this Agreement to any statute includes all regulations and subordinate legislation made under or in connection with that statute at any time, and is to be construed as a reference to that statute as amended, modified, restated, supplemented, extended, re-enacted, replaced or superseded at any time.

1.3 Governing Law

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

1.4 Entire Agreement

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

1.5 Schedules and Exhibits

The following is a list of Schedules and Exhibits:

Schedule	Subject Matter
1.1(a)	Exclusions from the Transaction
1.1(b)	Restricted MediPharm Customers
1.1(c)	Retained Employees
6.4.6	Transition Services
6.4.7	Supply and Services Agreement
11.4	Arbitration Procedures

Exhibits

1	Corporation Disclosure Schedule
---	---------------------------------

1.6 Seller' Knowledge

For the purposes of any reference in this Agreement to “Knowledge of the Seller”, shall mean the knowledge of David Pidduck, Greg Hunter and Keith Strachan, and the knowledge that they would reasonably be expected to have based on inquiries of management employees of the Corporation.

1.7 Data Room

Any reference in this Agreement to the Seller having “provided” to the Buyer any document shall be deemed, for purposes of this Agreement, to mean that such document was available for viewing in the Data Room, as the Data Room existed as of 5:00 p.m. (eastern time) on the date that is five Business Days prior to the date hereof.

ARTICLE 2 PURCHASE AND SALE

2.1 Agreement of Purchase and Sale

Subject to the terms and conditions of this Agreement, on the Closing Date, the Seller will sell, and the Buyer will purchase, the Purchased Shares free and clear of all Encumbrances.

2.2 Purchase Price

The aggregate purchase price payable by the Buyer to the Seller for the Purchased Shares will be Five Million Five Hundred Thousand Dollars (\$5,500,000) (the “**Purchase Price**”). The Parties acknowledge that as of the date hereof, the Buyer has provided the Seller with a bank letter confirming that the Buyer will have the funds required to satisfy the Purchase Price as at Closing.

2.3 Payment of Purchase Price

2.3.1 The Parties acknowledge that as of the date hereof, the Buyer has already advanced a deposit (the “**Initial Deposit**”) of Two Hundred Thousand Dollars (\$200,000) to the Seller’s Counsel, in trust, which Initial Deposit shall form part of the total Purchase Price to be paid to the Seller for the Purchased Shares and be non-refundable upon the execution of this Agreement, but subject to the set-off right set out in Section 10.2.3.

2.3.2 In addition to the Initial Deposit, the Parties further acknowledge that within five Business Days of the execution of this Agreement, the Buyer will advance an additional Three Hundred Thousand Dollars (\$300,000) (the “**Subsequent Deposit**”) to the Seller’s Counsel, in trust, which Subsequent Deposit shall form part of the total Purchase Price to be paid to the Seller for the Purchased Shares and be non-refundable upon payment, but subject to the set-off right set out in Section 10.2.3.

- 2.3.3 The remaining balance of the Purchase Price following the payment of the Initial Deposit and the Subsequent Deposit, that being Five Million Dollars (\$5,000,000) (the “Closing Amount”), shall be paid to the Seller’s Counsel, in trust, upon Closing.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES REGARDING THE SELLER

The Seller represents and warrants to the Buyer as follows, and acknowledges that the Buyer is relying upon these representations and warranties in connection with the purchase of the Purchased Shares and the completion of the transactions contemplated by this Agreement, and that this reliance is a right that has been bargained for, and forms part of the consideration in the transactions contemplated by this Agreement.

3.1 Capacity and Authority to Enter Agreement

The Seller has all necessary corporate power, authority and capacity to enter into and perform its obligation under this Agreement.

3.2 Binding Obligation

This Agreement has been executed and delivered by the Seller, and constitutes a valid and binding obligation of the Seller, enforceable against the Seller, in accordance with its terms, subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforcement of creditors’ rights generally and to the fact that equitable remedies, including specific performance, are discretionary and may not be ordered in respect of certain defaults.

3.3 Residence

The Seller is not a non-resident of Canada for purposes of the ITA.

3.4 Regulatory Approvals

No authorization, approval, order, consent of, or filing with, any Governmental Entity is required on the part of the Seller, in connection with the execution, delivery and performance of this Agreement or any other documents and agreements to be delivered under this Agreement.

3.5 Consents

There is no requirement to obtain any consent, approval or waiver of a party under any Contract to which the Seller is a party in order to complete the transactions contemplated by this Agreement.

3.6 Corporate Existence

The Seller has been duly incorporated and organized, is validly existing and in good standing as a corporation in the jurisdiction in which it was formed. No proceedings have been taken or

authorized by the Seller in respect of the bankruptcy, insolvency, liquidation, dissolution or winding up of such company.

3.7 Absence of Conflict

None of the execution and delivery of this Agreement, the performance of the Seller's obligations under this Agreement, or the completion of the transactions contemplated by this Agreement, will result in or constitute a breach of any term or provision of, or constitute a default under any agreement or other commitment (including the articles and/or by-laws of the Seller) to which the Seller is a party or by which the Purchased Shares are bound.

3.8 Title to Purchased Shares

The Seller is the legal and beneficial owner of the Purchased Shares and has good title to them, free and clear of any Encumbrance. All of the Purchased Shares have been validly issued as fully paid and non-assessable shares of the Corporation and are free of restrictions on transfer other than restrictions on transfer under the Corporate Articles. The Purchased Shares represent 100% of the outstanding shares in the capital of the Corporation.

3.9 Disclosure

No representation or warranty or other statement made by the Seller in this Article 3 contains any untrue statement or omits to state a material fact necessary to make it, in light of the circumstances in which it was made, not misleading.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES REGARDING THE CORPORATION

The Seller represents and warrants to the Buyer as follows and acknowledges that the Buyer is relying upon these representations and warranties in connection with the purchase of the Purchased Shares, and that this reliance is a right that has been bargained for, and forms part of the consideration in the transactions contemplated by this Agreement. Each exception to the following representations and warranties that is set out in the Corporation Disclosure Schedule is identified by reference to one or more specific individual Sections of this Agreement. The Buyer specifically acknowledges that these representations and warranties do not and are not intended to cover any of the Exclusions from the Transaction.

4.1 Authorization

All corporate action has been taken that is required to be taken by the Corporation's board of directors in order to authorize the consummation of the transactions contemplated by this Agreement.

4.2 Absence of Conflict

None of the execution and delivery of this Agreement, the performance of the Seller's obligations under this Agreement, or the completion of the transactions contemplated by this Agreement will:

- (i) result in or constitute a breach of any term or provision of, or constitute a default under, the Corporate Articles or any agreement or other commitment to which the Corporation is a party or by which any of its shares are bound;
- (ii) result in the creation or imposition of any Encumbrance on the Purchased Shares or any of the assets of the Corporation;
- (iii) contravene any applicable Law; or
- (iv) contravene any judgment, order, writ, injunction or decree of any Governmental Entity.

4.3 Restrictive Covenants

The Corporation is not a party to, or bound or affected by, any commitment, agreement or document containing any covenant expressly limiting its ability to compete in any line of business, or transfer or move any of its assets or operations, or which could reasonably be expected to have a Material Adverse Effect.

4.4 Regulatory Approvals

No authorization, approval, order, consent of, or filing with, any Governmental Entity is required on the part of the Corporation in connection with the execution, delivery and performance of this Agreement or any other documents and agreements to be delivered under this Agreement, other than any such authorization, approval, order, consent or filing that, if not obtained, would not result in a Material Adverse Effect.

4.5 Consents

There is no requirement to obtain any consent, approval or waiver of a party under any Contract to which the Corporation is a party in order to complete the transactions contemplated by this Agreement, other than any such consent, approval or waiver that, if not obtained, would not result in a Material Adverse Effect.

4.6 Subsidiaries and Investments

The Corporation has no subsidiaries. The Corporation does not own or hold, directly or indirectly, any Securities of, or have any other interest in, any Person, and the Corporation has not entered into any agreement to acquire any such interest.

4.7 Corporate Existence

The Corporation has been duly incorporated, amalgamated and organized, is validly existing and in good standing as a corporation under the Act. No proceedings have been taken or authorized by the Corporation in respect of the bankruptcy, insolvency, liquidation, dissolution or winding up of the Corporation.

4.8 Corporate Articles

The Corporate Articles, copies of which have been provided to the Buyer, constitute all of the charter documents of the Corporation and are in full force and effect; no action has been taken to further amend the Corporate Articles and no changes to the Corporate Articles are planned.

4.9 Capacity and Powers of Corporation

The Corporation has all necessary corporate power, authority and capacity to own or lease its assets and to carry on its Business as currently being conducted.

4.10 Authorized and Issued Capital

The authorized capital of the Corporation consists of an unlimited number of common shares, of which 100 Class A Shares are issued and outstanding as fully paid and non-assessable shares of the Corporation and are legally and beneficially owned by the Seller.

4.11 Options

No Person has any written or oral agreement or option or any right or privilege (whether by law, pre-emptive, contractual or otherwise) capable of becoming an agreement or option, including Securities, warrants or convertible obligations of any nature, for:

- (i) the purchase, subscription, allotment or issuance of any Securities of the Corporation; or
- (ii) the purchase of any of the undertaking, property or assets of the Corporation other than in the ordinary course of the Business.

4.12 Shareholder Agreements

There are no shareholders' agreements, pooling agreements, voting trusts, proxies or other similar agreements, arrangements or understandings with respect to the ownership or voting of any of the Securities of the Corporation.

4.13 Corporate Records

To the Knowledge of the Seller, the corporate records and minute books of the Corporation which have been made available to the Buyer are complete and accurate in all material respects and

contain minutes of all meetings of, and all written resolutions passed by, the directors and shareholders of the Corporation, held or passed since incorporation. All those meetings were held, all those resolutions were passed, and the share certificate books, registers of shareholders, registers of transfers and registers of directors of the Corporation are complete and accurate in all material respects.

4.14 Books and Records

To the Knowledge of the Seller, the Books and Records fairly and correctly set out and disclose, in all material respects, the financial position of the Corporation, and all material financial transactions of the Corporation are stated in reasonable detail and are fairly reflected in the Books and Records. The Books and Records contain all standard operating procedures necessary for the Corporation to operate the Business as currently conducted.

4.15 Financials

Copies of the Financials have been provided to the Buyer. The Financials have been prepared in accordance with IFRS, are in accordance with the Books and Records, and present fairly and accurately in all material respects:

- (i) the assets, liabilities (whether accrued, absolute, contingent or otherwise) and the financial condition of the Corporation as at the respective dates of the Financials; and
- (ii) the sales, earnings and results of the operations of the Corporation during the periods covered by the Financials.

4.16 Tax Matters

4.16.1 The Corporation has filed on a timely basis all Tax Returns required to be filed. All such Tax Returns are correct, complete and accurate in all material respects.

4.16.2 All Taxes due from or payable by the Corporation, including installments or other payments on account of Taxes for the current year, have been paid to the appropriate Governmental Entity.

4.16.3 There are no actions, investigations, audits, objections, appeals, suits or other proceedings or claims in progress, pending or, to the Knowledge of the Seller, threatened by or against the Corporation in respect of any Taxes, and in particular there are no currently outstanding assessments or written enquiries which have been issued or raised by any Governmental Entity relating to any such Taxes. No claim has ever been made by a Governmental Entity of any jurisdiction where the Corporation does not file Tax Returns that the Corporation is, or may be, subject to taxation by that jurisdiction. There are no Encumbrances pending on or with respect to any of the assets

of the Corporation that arose in connection with any failure (or alleged failure) to pay any Tax.

- 4.16.4 The Corporation has withheld, collected and paid to the proper Governmental Entity all Taxes required to have been withheld, collected and paid by it, including in connection with (i) amounts paid, credited or owing to any Employee, independent or dependent contractor, creditor, shareholder, non-resident of Canada or other Person, and (ii) goods and services received from or provided to any Person.
- 4.16.5 The Corporation has duly and timely collected all amounts on account of any sales or transfer Taxes, including goods and services and provincial, territorial or state or foreign sales Taxes, required by law to be collected by it and has duly and timely remitted to the appropriate Governmental Entity any such amounts required by law to be remitted by it.
- 4.16.6 The issued and outstanding shares in the capital of the Corporation do not constitute “taxable Canadian property” within the meaning of the ITA for any of the Seller.

4.17 Absence of Changes

Other than to remove the Exclusions from the Transaction from the Business and/or the Corporation, since the execution of the LOI, there has not been any change in the remaining property and assets left in the Corporation, including the Real Property.

4.18 Absence of Undisclosed Liabilities

To the Knowledge of the Seller, except for liabilities that are (i) incurred in connection with the transactions contemplated by this Agreement, or (ii) incurred in the ordinary and normal course of the Business since the signing of the LOI (none of which are materially adverse to the Business), the Corporation is not subject to and does not have any existing liabilities or obligations, direct or indirect, absolute or contingent under any contract or agreement to which the Corporation is party.

4.19 Absence of Unusual Transactions

Since the signing of the LOI, the Corporation has not:

- (i) given any guarantee of any debt, liability or obligation of any Person;
- (ii) subjected any of its assets, or permitted any of its assets to be subjected, to any Encumbrance;
- (iii) acquired, sold, leased or otherwise disposed of or transferred any assets other than in the ordinary course of the Business;
- (iv) made or committed to any capital expenditures in excess of \$25,000;

- (v) declared or paid any dividend or otherwise made any distribution or other payment of any kind or nature to any of its shareholders or any other Person, or taken any corporate proceedings for that purpose, except as disclosed in its Books and Records which have been provided to the Buyer;
- (vi) redeemed, purchased or otherwise retired any of its shares or otherwise reduced its stated capital;
- (vii) entered into or become bound by any Contract in excess of \$50,000;
- (viii) modified, amended or terminated any Contract (except for Contracts which expire by the passage of time) resulting in a Material Adverse Effect;
- (ix) waived or released any right or rights which it has or had, or a debt or debts owed to it resulting, collectively or individually, in a Material Adverse Effect;
- (x) made any change in excess of \$15,000 in any compensation arrangement or agreement with any Employee, officer, director or shareholder of the Corporation;
- (xi) made any change in any method of accounting practice; or
- (xii) agreed or offered to do any of the things described in this Section 4.19.

4.20 Title to and Condition of Assets

The Corporation owns, possesses and has good and marketable title to all buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property currently owned by the Corporation, including all assets located at the Real Property as of the site visit to the Real Property by the Buyer on November 29, 2024, at 9:00 a.m. (eastern time), and such buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property are free and clear of all Encumbrances.

4.21 Real Property

- 4.21.1 The Corporation is the sole legal and beneficial owner of the Real Property and has good, valid and marketable title to the Real Property, free and clear of all Encumbrances except for Permitted Encumbrances.
- 4.21.2 None of the Real Property is subject to any proceeding by any Governmental Entity relating to the expropriation or condemnation thereof.
- 4.21.3 There is no threatened or outstanding suit, action, litigation, claim or legal proceeding (including appeals and applications for review) relating to any of the Real Property.

- 4.21.4 None of the Real Property is now, nor will be at the Closing Date, subject to any claim for a lien pursuant to the *Construction Act* (Ontario) arising as a result of the supply of services or materials to an improvement of the Real Property on behalf of the Seller or any other person, including, without limitation, any tenant or occupant or former tenant or former occupant of the Real Property or their respective contractors or subcontractors.
- 4.21.5 All agreements between the Corporation and any Governmental Entity relating to the Real Property have been complied with and are in good standing.
- 4.21.6 None of the Real Property is subject to any easements, charges or other encumbrances, including any utility supplier or railway rights or any related mortgages or charges, which are not shown on registered title to the Real Property.
- 4.21.7 To the Knowledge of the Seller, none of the Real Property has ever been used as a waste disposal area or a land fill, and there are no environmental contaminants on any part of any of the Real Property which are not disclosed in the environmental reports delivered to the Buyer prior to the execution of this Agreement.
- 4.21.8 Except for the Corporation's ownership of the Real Property, the Corporation does not own and does not have an interest in any real property or real estate.
- 4.21.9 None of the Real Property is subject to any lease, sublease, license or other agreement granting to any other Person any right to the use, occupancy or enjoyment of such Real Property or any part thereof except as disclosed in writing to the Buyer.
- 4.21.10 All buildings, improvements and structures located on or forming part of the Real Property are wholly within the boundaries of the Real Property.

4.22 Leases

- 4.22.1 With respect to each Lease:
- (i) each Lease is a valid and binding obligation of the Corporation, enforceable in accordance with its terms;
 - (ii) neither the Corporation nor any other party to a Lease is in default under such Lease and no event has occurred which, with the passage of time or the giving of notice or both would result in a default, breach or event of noncompliance by the Corporation under any such Lease;
 - (iii) the Corporation has delivered or made available to the Buyer a correct and complete copy of each Lease, and in the case of any oral Lease, a written summary of the terms of such Lease;

- (iv) no security deposit or portion thereof deposited with respect to any Lease has been applied in respect of a breach or default under such Lease which has not been redeposited in full; and
- (v) the other party to any Lease is not an Affiliate of, and otherwise does not have any economic interest in, the Corporation or any of the Seller.

4.23 Equipment Leases

The Corporation does not have any Equipment Leases.

4.24 Intellectual Property

The Seller has not done any independent investigations, or spent any time or resources on exploring the validity of the ABCann IP. To the Knowledge of the Seller, the operation of the Business does not infringe upon the ABCann IP. To the Knowledge of the Seller, the Corporation has not received written notification of any asserted or threatened claim alleging that the conduct of the Business, infringes upon the ABCann IP owned by, licensed to or used by the Corporation.

4.25 Material Contracts

Schedule 4.24 of the Corporation Disclosure Schedule lists all Material Contracts to which the Corporation is a party or bound. Copies of all such Material Contracts have been provided to the Buyer. The Corporation is not in default or breach of any Material Contract, and there exists no state of facts which, after notice or lapse of time or both, would constitute a default or breach, to the extent that any such default or breach would have or could reasonably be expected to have a Material Adverse Effect. To the Knowledge of the Seller, no counterparty to any Material Contract is in default of any of its obligations under any Material Contract, the Corporation is entitled to all benefits under each Material Contract, and the Corporation has not received any notice of termination of any Material Contract.

4.26 Compliance with Laws, Permits

- 4.26.1 To the Knowledge of the Seller, the Corporation is conducting, and has at all times in the past conducted, the Business in material compliance with all Laws applicable to it and its assets, except in instances where a failure to comply would not reasonably be expected to result in a material adverse effect to the Business. To the Knowledge of the Seller, there is no basis for, any notice, order, complaint or other communication from any Governmental Entity or any other Person that the Corporation is not in compliance in any material respect with any Law applicable to it or its assets;
- 4.26.2 The Corporation does not, directly or indirectly, have any business operations, of any kind, in jurisdictions where cannabis is not legal;

- 4.26.3 Neither the Corporation nor, to the Knowledge of the Seller, any Representative has cultivated, produced or imported or has any current intention to cultivate, produce or import any cannabis or cannabinoid product for commercial purposes or has otherwise engaged, or has any current intention to otherwise engage, in any direct or indirect dealings or transactions in or to the United States, its territories and possessions, any state of the United States or any other federal, provincial, state, municipal, local or foreign jurisdiction where such activity is illegal;
- 4.26.4 The Corporation has instituted and maintained policies and procedures reasonably designed to ensure that the Corporation does not carry on any activities in, or distribute any products to, any jurisdiction where such activities or products are not fully in compliance with all applicable Laws; and
- 4.26.5 Copies of all Permits have been provided to the Buyer and such permits are listed on Schedule 4.26.5 of the Corporation Disclosure Schedule. The Permits are the only authorizations, registrations, permits, approvals, grants, licences, quotas, consents, commitments, rights or privileges required to enable the Corporation to carry on the Business as currently conducted and to enable it to own, lease and operate its assets. All Permits are valid, subsisting, in full force and effect and unamended, and the Corporation is not in default or breach of any Permit; no proceeding is pending or, to the Knowledge of the Seller, threatened to revoke or limit any Permit.

4.27 Employment and Benefits

- 4.27.1 Schedule 4.27.1 of the Corporation Disclosure Schedule contains a true, accurate and complete list of the names of all individuals who are current Employees of the Corporation and sets forth each of their respective positions, start date, primary work location, full-time or part-time status, current annual salary or compensation, bonuses or incentive schemes eligibility, vacation entitlement, termination and severance entitlements, accrued but unused vacation and other paid time-off entitlements, and whether they are active or on a leave of absence, including the reason for such leave of absence and their expected return date. All of the Employees participate in the Employee Plans. Except as disclosed in Schedule 4.27.1 of the Corporation Disclosure Schedule, each of the Employees is subject to a written employment contract with the Corporation in the form of an employment agreement sent by electronic mail to the Buyer by the Seller, and other than such form of contract, the Corporation has not entered into any other written agreements with the Employees regarding their employment with the Corporation.
- 4.27.2 The Corporation is not delinquent in payments to any of its Employees for any wages, salaries, overtime pay, commissions, bonuses, vacation pay, public holiday pay, or other compensation for any service performed for it to the date hereof or amounts required to be reimbursed to such Employees. The Corporation confirms that there are no outstanding claims, complaints, investigations, prosecutions, proceedings or orders

against the Corporation or any current or former officer or director thereof under any applicable state, provincial and federal employment and labour legislation and law applicable to the Corporation including all employment standards, human rights, equal employment opportunity, disability accommodation, workers' compensation, occupational health and safety, or pay equity laws and legislation.

4.27.3 Schedule 4.27.3 sets forth an overview of all employee benefit plans, programs, agreements and arrangements (whether oral or written, formal or informal, funded or unfunded), maintained for, available to or otherwise relating to any Employees of the Corporation, or to which the Corporation is a party, or bound by, or under which the Corporation has any liability or contingent liability (the "**Employee Plans**"). The Corporation has made all required contributions and has no liability to any such Employee Plans, and each Employee Plan has and is being administered in compliance with all Laws and the terms of each Employee Plans.

4.28 Insurance Policies

All of the Corporation's Insurance Policies specify the insurer, the amount of the coverage, the type of insurance, the policy number and any pending claims with respect to each Insurance Policy. To the Knowledge of the Seller, all Insurance Policies are in full force and effect and the Corporation:

- (i) is not in default, whether as to the payment of premiums or otherwise, under any material term or condition of any of the Insurance Policies; or
- (ii) has not failed to give notice or present any claim under any of the Insurance Policies in a due and timely fashion.

4.29 Litigation

4.29.1 Except as disclosed in Schedule 4.29 of the Corporation Disclosure Schedule, there are no actions, suits, grievances or proceedings, whether judicial, arbitral or administrative, and whether or not purportedly on behalf of the Corporation, pending, commenced or, to the Knowledge of the Seller, threatened, before any Governmental Entity, nor, (ii) to the Knowledge of the Seller, is there any reasonable factual or legal basis therefor.

4.29.2 Except as disclosed in Schedule 4.29 of the Corporation Disclosure Schedule, there is no outstanding judgment, decree, order, ruling or injunction involving the Corporation or relating in any way to the transactions contemplated by this Agreement.

4.30 Disclosure

No representation or warranty or other statement made by the Seller in Article 4 contains any untrue statement or omits to state a material fact necessary to make it, in light of the circumstances in which it was made, not misleading.

4.31 Corporation Disclosure Schedule

Nothing contained in any the Corporation Disclosure Schedule is intended to broaden the scope of any representation or warranty contained in this Agreement. The Corporation Disclosure Schedule and the information and disclosures contained therein are intended only to qualify and limit the representations, warranties, covenants and agreements of the Seller contained in this Agreement and shall not be deemed to expand in any way the scope or effect of any of such representations, warranties, covenants or agreements. The Corporation Disclosure Schedule is arranged in sections or subsections corresponding to those contained in this Agreement merely for convenience and ease of reference, and the disclosure of an item in one section or subsection of the Corporation Disclosure Schedule as disclosure relating to or, as an exception or qualification to, any particular representation, warranty or covenant will be deemed to be adequately disclosed as a disclosure, exception or qualification to all other representations, warranties and covenants to the extent, and only to the extent, that the relevance to such other covenants, representations or warranties, in each case, notwithstanding the presence or absence of an appropriate section of the Corporation Disclosure Schedule with respect to such other covenants, representations or warranties or an appropriate cross-reference thereto within the text of this Agreement or the Corporation Disclosure Schedule, is apparent on the face of the item. The information set forth within the Corporation Disclosure Schedule is disclosed solely for the purposes of this Agreement and no information set forth therein shall be deemed to be an admission by any Party hereto to any third party of any matter whatsoever, including any violation of law or breach of any agreement.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Seller as follows, and acknowledges that the Seller are relying upon these representations and warranties in connection with the sale of the Purchased Shares.

5.1 Corporate Existence of Buyer

The Buyer is a corporation duly incorporated and validly existing under the laws of the Province of Ontario. No proceedings have been taken or authorized by the Buyer in respect of the bankruptcy, insolvency, liquidation, dissolution or winding up of the Buyer.

5.2 Capacity to Enter Agreement

The Buyer has all necessary corporate power, authority and capacity to enter into and perform its obligations under this Agreement.

5.3 Binding Obligation

The execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of the Buyer. This Agreement has been duly executed and delivered by the Buyer and constitutes a valid

and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms, subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that equitable remedies, including specific performance, are discretionary and may not be ordered in respect of certain defaults.

5.4 Absence of Conflict

None of the execution and delivery of this Agreement, the performance of the Buyer's obligations under this Agreement, or the completion of the transactions contemplated by this Agreement, will result in or constitute a breach of any term or provision of, or constitute a default under, the articles or by-laws of the Buyer or any agreement or other commitment to which the Buyer is a party.

5.5 Regulatory Approvals

No authorization, approval, order, consent of, or filing with, any Governmental Entity is required on the part of the Buyer in connection with the execution, delivery and performance of this Agreement or any other documents and agreements to be delivered under this Agreement.

5.6 Consents

There is no requirement to obtain any consent, approval or waiver of a party under any Contract to which the Buyer is a party in order to complete the transactions contemplated by this Agreement.

5.7 Investment Canada Act

The Buyer is a Canadian within the meaning of the *Investment Canada Act*.

5.8 Disclosure

No representation or warranty or other statement made by the Buyer in Article 5 contains any untrue statement or omits to state a material fact necessary to make it, in light of the circumstances in which it was made, not misleading.

ARTICLE 6 COVENANTS

6.1 Interim Period

6.1.1 Except as contemplated by this Agreement or with the prior written consent of the Buyer, during the Interim Period, the Seller will, and will cause the Corporation to:

- (i) operate the Business only in the ordinary course thereof, consistent with past practices;
- (ii) take all commercially reasonable actions within their control to ensure that the representations and warranties in Article 3 and Article 4 remain true and correct at

the Closing Time, with the same force and effect as if such representations and warranties were made at and as of the Closing Time, and to satisfy or cause to be satisfied the conditions in Section 7.1.1(vii);

- (iii) promptly advise the Buyer of any facts that come to their attention which would cause any of the Seller's representations and warranties herein contained to be untrue in any material respect;
- (iv) promptly advise the Buyer in writing of any Material Adverse Effect in the Business or the Corporation during the Interim Period;
- (v) maintain all of the Corporation's tangible properties and assets in substantially the same condition as they now exist, ordinary wear and tear excepted;
- (vi) maintain the books, records and accounts of the Corporation in the ordinary course and record all transactions on a basis consistent with past practice;
- (vii) other than relating to the Exclusions from the Transaction, ensure that the Corporation does not sell or otherwise dispose of any of its properties or assets except in the ordinary course of the Business;
- (viii) keep in full force all of the Corporation's current insurance policies;
- (ix) take all commercially reasonable actions within their control to ensure that the Corporation performs all of its obligations falling due during the Interim Period under all agreements to which the Corporation, other than those forming part of the Exclusions from the Transaction, is a party or by which it is bound;
- (x) ensure that the Corporation does not enter into any agreement other than agreements made in the ordinary course of the Business consistent with past practice;
- (xi) not take any action to amend the articles of incorporation or by-laws of the Corporation;
- (xii) ensure that the Corporation does not declare or pay any dividends, redeem or repurchase any shares in the capital of the Corporation or make any other distributions in respect of the shares of the Corporation; and
- (xiii) ensure that the Corporation does not increase, in any manner, the compensation or employee benefits of any of its directors, officers or Employees, or pay or agree to pay to any of its directors, officers or Employees any pension, severance or termination amount or other employee benefit not required by any of the employee benefit plans and programs referred to in the Schedules attached hereto.

- 6.1.2 Notwithstanding any of the representations and warranties set forth in Article 4 and the covenants set forth in Section 6.1.1, the Parties acknowledge that: (i) the Seller is not selling, and the Buyer is not purchasing, the Business per se, and as a result of the foregoing, the Financials provided to the Buyer pursuant to the provisions of this Agreement shall not be an accurate reflection of the total value of the Purchased Shares hereunder, in light of but not limited to, the Exclusions from the Transaction; and (ii) the Seller shall not be required to maintain any working capital in the Corporation or the Business as at Closing, and any action by the Seller to withdraw any such working capital prior to Closing, shall be authorized and approved by the Buyer.
- 6.1.3 Subject to applicable Law, during the Interim Period, Seller shall: (i) upon reasonable notice from Buyer, permit Buyer and its employees, agents, counsel, accountants or other representatives to have reasonable access during normal business hours to (A) the premises of the Corporation, (B) the assets of the Corporation, including all Books and Records, (C) all Contracts and Leases, and (D) the senior personnel of the Corporation, in each case, so long as the access does not unduly interfere with the ordinary conduct of the Business and (ii) furnish to Buyer or its employees, agents, counsel, accountants or other representatives such financial and operating data and other information with respect to the Corporation as Buyer from time to time may reasonably request.
- 6.1.4 During the Interim Period, the Parties shall mutually cooperate to negotiate in good faith the Supply and Services Agreement.

6.2 Taxes

- (a) The Buyer and the Seller shall cause the Corporation to prepare and file on a timely basis all Tax Returns for the Corporation which relate to a Pre-Closing Tax Period and which are required to be filed after the Closing Date and for which Tax Returns have not been filed as of that date. Such Tax Returns shall be prepared and filed on a basis consistent with applicable Laws and the past practices and procedures of the Corporation and will be subject to the approval of the Seller, acting reasonably and in a manner consistent with past practices of the Corporation, if such filing would result in any claim by the Buyer for indemnification hereunder.
- (b) Taxes attributable to any Straddle Period shall be allocated (i) to the Pre-Closing Tax Period for the period up to and immediately before the Closing Date and (ii) to the period ending on or after Closing Date for the period subsequent to the Closing Date. For purposes of the preceding sentence, any allocation of (A) Taxes, other than those referred to in clause (B) below, shall be made by means of a closing of the books and records of the Corporation as of 11:59pm the day before Closing Date; provided, however, that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be

allocated between the period ending before the Closing Date and the period on or after the Closing Date in proportion to the number of days in each such period, and (B) Taxes imposed on a periodic basis (such as real or personal property or other ad valorem Taxes) attributable to a Straddle Period shall be allocated between such two periods in proportion to the number of days in each such period.

- (c) The Buyer shall not and shall not allow the Corporation to amend, refile or otherwise modify or grant an extension of any statute of limitations with respect to any Tax Return for the Corporation for any taxation year ending on or before the Closing Date and shall not request an audit or assessment of any such Tax Return, in each case without prior written consent of the Seller.
- (d) The Corporation shall not, and shall not be required to, make any election pursuant to subsection 256(9) of the ITA and the corresponding provisions of any other applicable provincial statute with respect to the Corporation's taxation year ending as a result of the transactions contemplated herein.
- (e) After the Closing Date, the Seller and Buyer shall cooperate fully in preparing for and defending any audits of the Corporation, or disputes with any Governmental Entity regarding any Tax Returns of the Corporation and make available to the other Party, and to any Governmental Entity as reasonably requested, a copy of all information, records, and documents relating to Taxes of the Corporation. Additionally, each of the Seller and Buyer shall:
 - (f) assist the other Party in preparing any Tax Returns which such other Party is responsible for preparing and filing and, in connection therewith, provide the other Party with any necessary powers of attorney;
 - (g) furnish the other Party with copies of all correspondence received from any Governmental Entity in connection with any Tax audit or information request; and
 - (h) retain, or cause to be retained, for so long as any such taxable years or audits shall remain open for adjustments, any records or information which may be relevant to any such Tax Returns or audits, provided that such records and information are not required to be retained for a period in excess of seven (7) years from the close of the taxation year to which such information may be relevant.
- (i) If a refund or credit of Taxes of the Corporation, including any interest thereon, in respect of any Pre-Closing Tax Period or any portion of a Straddle Period in respect of a Pre-Closing Tax Period (in this subsection,

any such amount, a “**Refund**”), is received in cash (or, in the case of any credit of Taxes, where such credit is utilized to offset cash Taxes otherwise actually due) by the Corporation, the Buyer shall to the extent such Refund is not accounted for in computing the Purchase Price or attributable to the carryback of any Tax attributes generated in a taxation year ending on or after the Closing Date, within ten (10) days of receipt in cash (or, in the case of any credit of Taxes, when such credit is utilized to offset cash Taxes otherwise actually due), pay the amount of the Refund to the Buyer, after deduction of any reasonable out-of-pocket costs (including agency fees) and any Taxes payable incurred by the Corporation in connection with such Refund, if any, including the amount of Taxes, if any, to which such Corporation would be subject as a result of the receipt of such Refund. Any amount paid pursuant to this section shall be deemed an adjustment to the Purchase Price to the maximum extent allowable by applicable Law. The Buyer shall, at the Seller’s prior request and at the sole cost and expense of the Sellers, use commercially reasonable efforts to cause the Corporation to obtain and collect any Refunds which may be available to any of them, including replying to any requests for further information from, and delivering any written submissions with respect to such Refund to, any Governmental Entity, and shall keep the Seller reasonably apprised of the status of any such Refunds, including informing the Seller of any requests from, or deadlines set by, any Governmental Entity in connection with such Refund.

6.3 Confidentiality.

6.3.1 Prior to the Closing, Parties shall be bound by the confidentiality obligations in the LOI.

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

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

6.4 Post-Closing Covenants

6.4.1 To the extent there are any accrued and outstanding Current Assets relating to the Business and/or the Corporation for a period of time leading up until Closing, which are owned by the Corporation on the Closing (the “**Remaining Assets**”), the Buyer shall promptly deliver to the Seller (in its original condition, as applicable), such Remaining Assets following Closing. For greater clarity, all assets of any sort accrued following Closing relating to the Business and/or the Corporation, shall be for the benefit of the Buyer, and the Seller shall have no entitlement whatsoever to claim title to such assets following Closing. Until any such Remaining Assets are returned to the Seller, such Remaining Assets shall be deemed to be held by the Buyer in trust for the Seller.

6.4.2 To the extent there are any accrued and outstanding Current Liabilities, including the Outstanding Accounts Payable, relating to the Business and/or the Corporation, and any liabilities relating to Employees or product recalls relating to the Business and/or the Corporation, for a period of time leading up until Closing, which were not identified and settled prior to Closing (the “**Remaining Liabilities**”), the Seller shall promptly pay for and settle such Remaining Liabilities following Closing, upon written proof and confirmation of such Remaining Liabilities provided to the Seller by the Buyer. For greater clarity, all liabilities of any sort incurred following Closing relating to the Business and/or the Corporation, shall be on the account of and the responsibility of the Buyer, and the Seller shall have no obligation whatsoever to reimburse or settle any such liabilities incurred following Closing.

6.4.3 The Parties acknowledge that there may be Working Capital for the stub period from December 15, 2024 until Closing, which will be accrued. Within 30 days after the

Closing Date, the Seller shall prepare and deliver to the Buyer a statement (the “**Closing Working Capital Statement**”) setting forth its calculation of the actual Working Capital of the Corporation as at Closing. After receipt of the Closing Working Capital Statement, the Buyer shall have 14 days (the “**Review Period**”) to review the Closing Working Capital Statement. On or before the last day of the Review Period, the Buyer may object to the Closing Working Capital Statement by delivering to the Seller a written statement setting forth the Buyer’s objections in reasonable detail, indicating each disputed item or amount and the basis for the Buyer’s disagreement (the “**Statement of Objections**”). If the Buyer fails to deliver the Statement of Objections before the expiration of the Review Period, the Closing Working Capital Statement shall be deemed to have been accepted by the Buyer. If the Buyer delivers the Statement of Objections, the Parties shall negotiate to resolve such objections within the 14 days following the delivery of the Statement of Objections (the “**Resolution Period**”), and if the same are so resolved within the Resolution Period, such resolved amount relating to the Working Capital for the Corporation as at Closing shall be final and binding. If the Seller and the Buyer fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute shall be submitted for resolution within 30 days from the engagement of an impartial nationally recognized firm of independent chartered professional accountants, who acting as an expert and not an arbitrator, shall resolve the matter. The fees and expenses of such accountant shall be paid by (A) the Seller; and (B) the Buyer, based upon the percentage that the amount actually contested but not awarded to the Seller or the Buyer, respectively, bears to the aggregate amount actually contested by the Seller and the Buyer.

6.4.4 Except as otherwise provided herein, if Working Capital is calculated to be a positive number, then the Buyer shall owe such amount of Working Capital to the Seller. If Working Capital is calculated to be a negative number, then the Seller shall owe such amount of Working Capital to the Buyer. Any amounts owed by either Party pursuant to this Section 6.4.4 shall be paid within 14 days of the final determination of the amount of Working Capital owed (the “**Post-Closing Adjustment**”). The Post-Closing Adjustment shall bear interest from and including the Closing Date to but excluding the date of payment at the Interest Rate. Any payments made pursuant to this Section 6.4.4 shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.

6.4.5 Following Closing, the Seller covenants to the Buyer that it shall assist the Buyer with any authorizations, approvals, orders, or filings that are needed by any Governmental Entity in respect of the transactions contemplated by this Agreement. Notwithstanding the foregoing, the Buyer acknowledges that it is its sole responsibility to obtain all such authorizations, approvals, and orders and to make any necessary filings, that are required by a Governmental Entity in respect of the transactions contemplated by this Agreement.

- 6.4.6 Following Closing, the Seller covenants to the Buyer that it shall use reasonably reasonable efforts to settle any liability stemming from the matters disclosed in Schedule 4.29 of the Corporation Disclosure Schedule.
- 6.4.7 Following Closing, the Seller covenants to the Buyer that following Closing, it shall provide the Buyer with the services set forth in Schedule 6.4.7 (the “**Transition Services**”) for the time periods and consideration set forth in Schedule 6.4.7. In addition, the Buyer shall reimburse the Seller for all reasonable out-of-pocket fees, costs, and expenses incurred by the Seller in providing the Transition Services. Seller shall provide the Transition Services in compliance with applicable Law and in a manner consistent with applicable industry standards. The Seller shall use commercially reasonable efforts to obtain all necessary third-party consents, approvals, waivers required to provide the Transition Services. Any of the Transition Services may be terminated by Buyer upon 90 days’ written notice by the Buyer to the Seller.
- 6.4.8 During the period commencing on the date hereof and ending on the fifth (5th) anniversary of the date hereof, the Buyer covenants to the Seller that it, and will procure that its Affiliates (including the Corporation following the Closing), will not directly or indirectly (whether for their own account or on behalf of another party) induce, entice, solicit, or attempt to do any of the foregoing, any of the MediPharm Customers to purchase any goods or services or have any goods or services provided to such MediPharm Customers, in each case, solely with respect to similar goods or services provided by the Corporation to such MediPharm Customers as of the date hereof. Notwithstanding the foregoing and anything to the contrary in this Agreement, the Seller hereby expressly acknowledges and agrees that the Buyer will not be in breach of this Section 6.4.8 solely as a result of the Buyer’s compliance with the terms of the Supply and Services Agreement, including, but not limited to, packaging any Reserved Biomass with Beacon Medical branding.
- 6.4.9 Following Closing, the Buyer covenants to the Seller that, unless otherwise agreed to in writing with the Seller, it and will procure that its Affiliates (including the Corporation):
- (i) will not directly or indirectly (whether for their own account or on behalf of another party) use the Beacon Medical brand in any marketing, branding, or business line in perpetuity;
 - (ii) will remove all “Beacon Medical” names (including any similar names) and trademarks from the Corporation and its business operations, and replace them with a differentiated brand name of the Buyer’s choosing, and until the foregoing is complete, the Buyer will covenant to not use the “Beacon Medical” name (including any similar names), trademarks and any related intellectual property; and

- (iii) will acknowledge and do all things necessary to allow for the Seller to retain all legal rights to the “Beacon Medical” name (including all similar names), trademarks, copyrights, logos, and any related intellectual property.

ARTICLE 7 CONDITIONS TO CLOSING

7.1 Conditions to the Obligation of the Buyer.

7.1.1 The obligation of the Buyer to consummate the Closing is subject to the satisfaction on or before Closing of the following conditions:

- (i) the representations and warranties of the Seller contained in this Agreement will be complete and accurate in all material respects on the Closing Date with the same force and effect as if those representations and warranties were made at and as of that time, and a certificate of the Seller, dated the Closing Date, to that effect will have been delivered to the Buyer, the certificate to be in form and substance reasonably satisfactory to the Buyer;
- (ii) all of the terms and conditions of this Agreement to be complied with or performed by the Seller before the Closing will have been complied with or performed and a certificate of the Seller, dated the Closing Date, to that effect will have been delivered to the Buyer, the certificate to be in form and substance reasonably satisfactory to the Buyer;
- (iii) no Material Adverse Effect shall have occurred in respect of the Corporation;
- (iv) all the Exclusions from the Transaction shall be vended out of the Business and/or the Corporation prior to Closing;
- (v) the Real Property has been transferred to the Corporation, free and clear of all Encumbrances;
- (vi) settle all intercompany debt obligations of the Corporation; and
- (vii) the Seller shall have delivered, or caused to be delivered, to the Buyer the following:
 - (a) original share certificates representing the Purchased Shares, duly endorsed for transfer to the Buyer;
 - (b) copies of resolutions of the directors of the Corporation authorizing the transfer of the Purchased Shares to the Buyer;
 - (c) certificate of status of the Corporation;

- (d) executed resignations effective as at the Closing Time of each director or officer of the Corporation;
- (e) the Supply and Services Agreement, duly executed by the Seller;
- (f) evidence that each of the Retained Employees have entered into employment agreements, or amendments thereto, in relation to their employment by the Corporation; and
- (g) all other documentation and evidence reasonably requested by the Buyer in order to establish the due authorization and completion by each of the Seller and the Corporation of the transactions contemplated by this Agreement, including the taking of all corporate proceedings by the boards of directors and shareholders of the Corporation required to effectively carry out their respective obligations under this Agreement.

7.1.2 In case any term or covenant of the Seller or condition to be performed or complied with for the benefit of the Buyer at or prior to the Closing Date shall not have been performed or complied with at or prior to the Closing Date, the Buyer may, without limiting any other right that the Buyer may have, waive compliance with any such term, covenant or condition in whole or in part on such terms as may be agreed upon.

7.2 Conditions to the Obligations of the Seller

7.2.1 The obligation of the Seller to consummate the Closing is subject to the satisfaction on or before Closing of the following conditions:

- (i) the representations and warranties of the Buyer contained in this Agreement will be complete and accurate in all material respects on the Closing Date with the same force and effect as if those representations and warranties were made at and as of that time, and a certificate of an officer of the Buyer, dated the Closing Date, to that effect will have been delivered to the Seller, the certificate to be in form and substance reasonably satisfactory to the Seller;
- (ii) all of the terms and conditions of this Agreement to be complied with or performed by the Buyer before the Closing will have been complied with or performed and a certificate of the Seller, dated the Closing Date, to that effect will have been delivered to the Seller, the certificate to be in form and substance satisfactory to the Seller;
- (iii) the Buyer shall have delivered, or caused to be delivered, to the Seller the following:

- (a) payment of the Subsequent Deposit in accordance with Section 2.3.2 and the Closing Amount in accordance with Section 2.3.3 by wire transfer of immediately-available funds;
- (b) the Supply and Services Agreement, duly executed by the Buyer; and
- (c) all documentation and other evidence reasonably requested by any Seller in order to establish the due authorization and completion by the Buyer of the transactions contemplated by this Agreement, including the taking of all corporate proceedings by the board of directors and the shareholders of the Buyer required to effectively carry out the obligations of the Buyer under this Agreement.

7.2.2 In case any term or covenant of the Buyer or condition to be performed or complied with for the benefit of the Seller at or prior to the Closing Date shall not have been performed or complied with at or prior to the Closing Date, the Seller may, without limiting any other right that the Seller may have, waive compliance with any such term, covenant or condition in whole or in part on such terms as may be agreed upon.

ARTICLE 8 CLOSING ARRANGEMENTS

8.1 Closing

The Closing will take place at the Closing Time virtually via electronic exchange of documents. All required documents will be delivered by electronic transmission, except that the share certificates representing the Purchased Shares must be delivered in original form.

ARTICLE 9 SURVIVAL; INDEMNIFICATION

9.1 Survival of Covenants and Representations and Warranties

The representations and warranties of the Parties contained in this Agreement shall survive the Closing and, notwithstanding the Closing and notwithstanding any investigation or inquiries made by or on behalf of the other Party(ies), shall continue in full force and effect for the benefit of the other Parties for a period of two (2) years following the Closing Date, except that:

- (i) the representations and warranties contained in Sections 3.1, 3.2, 3.6, 3.7, 3.8, 4.1, 4.2, 4.7, 4.8, 4.10, 4.11, 4.20, 5.1, 5.2, 5.3, and 5.4, (collectively, the “**Fundamental Representations**”), shall survive indefinitely following the Closing; and
- (ii) the representations and warranties contained in Section 4.16 shall survive the Closing and continue in full force and effect until the 60th day after the end of the

period, if any, during which an assessment, reassessment or other form of recognized document assessing liability for Tax, interest or penalties under applicable Tax legislation in respect of any taxation year to which such representations and warranties extend could be issued under such Tax legislation.

provided that, in each case, if a notice under section 9.5 has been provided to the Seller (in the case of an indemnity claim pursuant to Section 9.2) or the Buyer (in the case of an indemnity claim pursuant to Section 9.3) prior to the end of the applicable period described in this Section 9.1, then the indemnification obligations with respect to such indemnity claim shall survive until such indemnity claim has been finally resolved in accordance with this Agreement. All covenants and agreements of the Parties set out herein shall survive the Closing indefinitely or for the period explicitly specified therein.

9.2 Indemnification by Seller

Subject to the other terms and conditions of this Article 9, the Seller shall indemnify and save harmless each of the Buyer and its Affiliates (including the Corporation) and their Representatives (collectively, the “**Buyer Indemnified Parties**”) from and against all Losses incurred or sustained by, or imposed upon, the Buyer Indemnified Parties, as a result of or in connection with or relating to:

- (i) any non-fulfillment or breach of any covenant or agreement by the Seller contained in this Agreement or in any certificate or other document furnished by or on behalf of the Seller pursuant to this Agreement;
- (ii) any inaccuracy in or breach of any representation or warranty of the Seller contained in this Agreement or in any certificate or other document furnished by or on behalf of the Seller pursuant to this Agreement;
- (iii) any liability stemming from the matters disclosed in Schedule 4.29 of the Corporation Disclosure Schedule; and
- (iv) any liability for Taxes in respect of any taxation year or other period ended on or prior to the Closing Date, or any portion of a taxation year or other period up to and including the Closing Date, for which no adequate reserve has been provided and disclosed in the Financials.

9.3 Indemnification by Buyer

Subject to the other terms and conditions of this Article 9, the Buyer shall indemnify and save harmless each of the Seller and its Affiliates and their Representatives (collectively referred to as the “**Seller Indemnified Parties**”) from and against all Losses incurred or sustained by, or imposed upon, the Seller Indemnified Parties, as a result of or in connection with or relating to:

- (i) any non-fulfilment or breach of any covenant or agreement on the part of the Buyer contained in this Agreement or in any certificate or other document furnished by or on behalf of the Buyer pursuant to this Agreement;
- (ii) any inaccuracy in or breach of any representation or warranty of the Buyer contained in this Agreement (without regard to any materiality, Material Adverse Effect or other similar qualification contained in or otherwise applicable to such representation or warranty) or in any certificate or other document furnished by or on behalf of the Buyer pursuant to this Agreement.

9.4 Limitations on Indemnification

The indemnification provided for in Section 9.2 and Section 9.3 shall be subject to the following limitations:

- (i) Payments by an Indemnifying Party under Section 9.2 or Section 9.3 in respect of any Loss shall be limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds and any indemnity, contribution or other similar payment actually received by the Indemnified Party in respect of any such claim, less any related costs and expenses, including the aggregate cost of pursuing any related insurance claims and any related increases in insurance premiums or other charge-backs (it being agreed that neither party shall have any obligation to seek to recover any insurance proceeds in connection with making a claim under this Article 9 and that, promptly after the realization of any insurance proceeds, indemnity, contribution or other similar payment, the indemnified Party shall reimburse the Indemnifying Party for such reduction in Losses for which the Indemnified Party was indemnified before the realization of reduction of such Losses).
- (ii) The amount of any Losses subject to indemnification under this Article 9 shall be calculated net of any Tax benefit actually realized (by way of cash Tax savings, calculated on the assumption that the Indemnified Party claims the maximum available tax deductions) in the year of such Loss.

9.5 Indemnification Procedures

The party making a claim under this Article 9 is referred to as the “**Indemnified Party**”, and the party against whom such claims are asserted under this Article 9 is referred to as the “**Indemnifying Party**”.

- (i) **Third-Party Claims.** If any Indemnified Party receives notice of the assertion or commencement of any action made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a “**Third-Party Claim**”) against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification

under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 30 calendar days after receipt of such notice of such Third-Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defences by reason of such failure. Such notice by the Indemnified Party shall describe the Third-Party Claim in reasonable detail, include copies of all material written evidence thereof and indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defence of any Third-Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defence. If the Indemnifying Party assumes the defence of any Third-Party Claim, subject to Section 9.5(ii), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counter-claims pertaining to any such Third-Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defence of any Third-Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defence thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party; *provided that*, if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defences available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party, or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third-Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement or fails to diligently prosecute the defence of such Third-Party Claim, the Indemnified Party may, subject to Section 9.5(ii), pay, compromise, defend such Third-Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third-Party Claim. Seller and Buyer shall cooperate with each other in all reasonable respects in connection with the defence of any Third-Party Claim, including making available records relating to such Third-Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defence of such Third-Party Claim.

- (ii) **Settlement of Third-Party Claims.** Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third-Party Claim without the prior written consent of the Indemnified Party, except as

provided in this Section 9.5(ii). If a firm offer is made to settle a Third-Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third-Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within 10 days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third-Party Claim and, in such event, the maximum liability of the Indemnifying Party as to such Third-Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume the defence of such Third-Party Claim, the Indemnifying Party may settle the Third-Party Claim upon the terms set forth in such firm offer to settle such Third-Party Claim. If the Indemnified Party has assumed the defence under Section 9.5(i), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

- (iii) **Direct Claims.** Any action by an Indemnified Party on account of a Loss which does not result from a Third-Party Claim (each, a “**Direct Claim**”) shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 30 days after the Indemnified Party becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defences by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have 30 days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim, and the Indemnified Party shall assist the Indemnifying Party’s investigation by giving such information and assistance (including access to the Corporation’s premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such 30 day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

9.6 Payments

Once a Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable under this Article 9, the Indemnifying Party shall satisfy its obligations within 10 Business Days of such final, non-appealable adjudication by wire transfer of immediately available funds. The Parties agree that, if the Indemnifying Party does not make full payment of any such obligations within such 10-Business Day period, any amount payable shall accrue interest from and including the date of agreement of the Indemnifying Party or final, non-appealable adjudication to and including the date such payment has been made at the Interest Rate.

9.7 Tax Treatment of Indemnification Payments

All indemnification payments made under this Agreement shall be treated by the Parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

9.8 Other Rights and Remedies Not Affected

The indemnification rights of the parties under this Article 9 are independent of, and in addition to, such rights and remedies as the parties may have at law or in equity or otherwise for any misrepresentation, breach of warranty or failure to fulfill any covenant, agreement or obligation hereunder on the part of any party hereto, including the right to seek specific performance, rescission or restitution, none of which rights or remedies shall be affected or diminished hereby.

ARTICLE 10 TERMINATION

10.1 Termination

10.1.1 This Agreement may be terminated at any time before the Closing:

- (i) By the mutual written consent of Seller and Buyer.
- (ii) By Buyer by written notice to Seller if:
 - (a) Buyer is not then in material breach of any provision of this Agreement and there is a material breach of this Agreement by the Seller and, where such breach is capable of being cured, such breach has not been waived by the Buyer in writing or cured within 15 Business Days following written notice of such breach by the Buyer; or
 - (b) any of the conditions set forth in Section 7.1 shall not have been, or if any of such conditions become incapable of being, fulfilled by the Outside Date, unless such failure shall be due to the failure of Buyer to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it before the Closing Date.

- (iii) By Seller by written notice to Buyer if:
 - (a) Seller is not then in material breach of any provision of this Agreement and there is a material breach of this Agreement by the Buyer and, where such breach is capable of being cured, such breach has not been waived by the Seller in writing or cured within 15 Business Days following written notice of such breach by the Seller; or
 - (b) any of the conditions set forth in Section 7.2 shall not have been, or if any of such conditions become incapable of being, fulfilled by the Outside Date, unless such failure shall be due to the failure of Seller to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it before the Closing Date.
- (iv) By Buyer or Seller if:
 - (a) the Closing has not occurred on or prior to the Outside Date at no fault of either Buyer or Seller;
 - (b) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited; or
 - (c) any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable.

10.2 Effect of Termination.

10.2.1 In the event of the termination of this Agreement in accordance with this Article 10, this Agreement shall forthwith have no further force or effect and there shall be no liability on the part of any party hereto except:

- (i) as set forth in Section 6.3, this Article 10 and Article 11; and
- (ii) that nothing herein shall relieve any party hereto from liability for any wilful breach of any provision hereof.

10.2.2 In the event that this Agreement is validly terminated pursuant to Section 10.1.1(ii), Seller shall promptly, and in any event within five Business Days of such termination, pay or cause to be paid to Buyer a break-up fee equal to: (i) \$700,000; plus (ii) the amount of the Subsequent Deposit if the Subsequent Deposit was paid to the Buyer in accordance with Section 2.3.2 (collectively, the “**Seller Break-Up Fee**”) by wire transfer of immediately-available funds, it being understood that in no event shall Seller be required to pay the Seller Break-Up Fee on more than one occasion. The Seller Break-Up Fee shall be deemed to be liquidated damages and the Seller shall not have

any other liability or obligation to the Buyer or any of its Affiliates and Representatives for any Losses suffered in connection with this Agreement.

- 10.2.3 In the event that this Agreement is validly terminated pursuant to Section 10.1.1(iii), Buyer shall promptly, and in any event within five Business Days of such termination, pay or cause to be paid to Seller a break-up fee equal to \$500,000 (“**Buyer Break-Up Fee**”) by wire transfer of immediately-available funds or set-off by the amounts actually paid by Buyer for the Initial Deposit and the Subsequent Deposit, it being understood that in no event shall Buyer be required to pay the Buyer Break-Up Fee on more than one occasion. The Buyer Break-Up Fee shall be deemed to be liquidated damages and the Buyer shall not have any other liability or obligation to the Seller or any of its Affiliates and Representatives for any Losses suffered in connection with this Agreement.

ARTICLE 11 GENERAL

11.1 Time of Essence

Time is of the essence in all respects of this Agreement.

11.2 Notices

Any Communication must be in writing and either:

- (i) delivered personally or by courier;
- (ii) sent by prepaid registered mail; or
- (iii) transmitted by e-mail or functionally equivalent electronic means of transmission, charges (if any) prepaid.

Any Communication must be sent to the intended recipient at its address as follows:

to the Buyer at:

Kensana Health Inc.
401 Bay Street, Suite 2704
Toronto, ON M5H 2Y4

Attention: Ken Clement, Executive Chairman
E-mail: *[Email address has been intentionally redacted as personal information]*

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

Mintz LLP
South Tower,
200 Bay St. #2800,
Toronto, ON
M5J 2J3

Attention: Cheryl Reicin
E-mail: creicin@mintz.com

to the Seller at:

2649924 Ontario Inc.
c/o MediPharm Labs Corp.
151 John Street
Barrie, ON L4N 2L1

Attention: David Pidduck, Chief Executive Officer
E-mail: ***[Email address has been intentionally redacted as personal information]***

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

Aird & Berlis LLP
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Attention: Adria Leung Lim
E-mail: aleunglim@airdberlis.com

or at any other address as any Party may at any time advise the other by Communication given or made in accordance with this Section 11.2. Any Communication delivered to the Party to whom it is addressed will be deemed to have been given or made and received on the day it is delivered at that Party's address, provided that if that day is not a Business Day then the Communication will be deemed to have been given or made and received on the next Business Day. Any Communication sent by prepaid registered mail will be deemed to have been given or made and received on the fifth Business Day after which it is mailed. If a strike or lockout of postal employees is then in effect, or generally known to be impending, every Communication must be delivered personally or by courier or transmitted by e-mail or functionally equivalent electronic means of transmission. Any Communication transmitted by e-mail or other functionally equivalent electronic means of transmission will be deemed to have been given or made and received on the

day on which it is transmitted; but if the Communication is transmitted on a day which is not a Business Day or after 4:00 p.m. (local time of the recipient), the Communication will be deemed to have been given or made and received on the next Business Day.

11.3 Severability

Each Section of this Agreement is distinct and severable. If any Section of this Agreement, in whole or in part, is or becomes illegal, invalid, void, voidable or unenforceable in any jurisdiction by any court of competent jurisdiction, the illegality, invalidity or unenforceability of that Section, in whole or in part, will not affect:

- (i) the legality, validity or enforceability of the remaining Sections of this Agreement, in whole or in part; or
- (ii) the legality, validity or enforceability of that Section, in whole or in part, in any other jurisdiction.

11.4 Arbitration

In the event of any dispute, claim or controversy between the Buyer and the Seller arising out of, relating to or in connection with this Agreement or any part thereof (a “**Dispute**”), the Parties will attempt in good faith to resolve such Dispute. Except as otherwise provided for under this Agreement, if the Parties engaged in a Dispute (the “**Disputing Parties**”) have not agreed to a settlement of the Dispute within 30 days from the date on which the Dispute first became known to such Parties, then the Disputing Parties agree that the Dispute will be submitted to final and binding arbitration, without any right of appeal, pursuant to the provisions and procedures set out in the *Arbitration Act* (Ontario) and in

Schedule 11.4. The Parties agree that a judgment upon the arbitration award may be entered in any court in the Province of Ontario having jurisdiction, or that application may be made to such court for judicial recognition or enforcement of the award. In that respect, each of the Parties hereby irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

11.5 As Is, Where Is

Save and except for the representations, warranties and covenants of the Seller specifically set out in this Agreement, there are no express or implied agreements, representations or warranties of any kind whatsoever in respect of the Corporation, the Business or the Purchased Shares, including as to the title, condition, ownership, delivery, quality, profitability, use, any environmental matter or as to the accuracy, currency or completeness of any information or documentation supplied by the Seller prior to the Closing Date in connection with the sale of the Purchased Shares and without limiting the generality of the foregoing, any and all conditions or warranties expressed or implied pursuant to the *Sale of Goods Act* (Ontario) are hereby waived by the Buyer.

11.6 Amendment and Waiver

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

11.7 Further Assurances

Each Party will, at that Party's own cost and expense, execute and deliver any further agreements and documents and provide any further assurances, undertakings and information as may be reasonably required by the requesting Party to give effect to this Agreement and, without limiting the generality of this Section 11.7, will do or cause to be done all acts and things, execute and deliver or cause to be executed and delivered all agreements and documents and provide any assurances, undertakings and information as may be required at any time by all Governmental Authorities.

11.8 Assignment and Enurement

Neither this Agreement nor any right or obligation under this Agreement may be assigned by any Party without the prior written consent of the other Parties; provided; however, that Buyer may assign this Agreement to its wholly-owned subsidiaries. This Agreement enures to the benefit of and is binding upon the Parties and their respective heirs, executors, administrators, estate trustees, trustees, personal or legal representatives, successors and permitted assigns.

11.9 Counterparts and Electronic Delivery

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

11.10 No Broker

Each Party represents and warrants to the other Party that all negotiations relating to this Agreement and the transactions contemplated by this Agreement have been carried on between them directly, without the intervention of any other Person on behalf of any Party in such manner as to give rise to any valid claim against the Buyer or the Corporation for a brokerage commission, finder's fee or other similar payment.

11.11 Public Notice

All public notices to third parties and all other announcements, press releases and publicity concerning this Agreement or the transactions contemplated by this Agreement, must be jointly planned and co-ordinated by the Seller and the Buyer, and no Party will act unilaterally in this regard without the prior consent of the other Party unless, and only to the extent that, disclosure is required to meet the timely disclosure obligations of the Buyer or Seller under applicable Securities laws or stock exchange rules in circumstances where prior consultation with the other Party is not practicable, or the disclosure is to the Party's board of directors, senior management and its legal, accounting, financial or other professional advisers.

11.12 Payment and Currency

Any money to be advanced, paid or tendered by one Party to another under this Agreement must be advanced, paid or tendered by bank draft, certified cheque or wire transfer of immediately available funds payable to the Person to whom the amount is due. Unless otherwise specified, the word "**dollar**" and the "\$" sign refer to Canadian currency, and all amounts to be advanced, paid, tendered or calculated under this Agreement are to be advanced, paid, tendered or calculated in Canadian currency.

11.13 No *Contra Proferentem*

This Agreement has been reviewed by each Party's professional advisors, and revised during the course of negotiations between the Parties. Each Party acknowledges that this Agreement is the product of their joint efforts, that it expresses their agreement, and that, if there is any ambiguity in any of its provisions, no rule of interpretation favouring one Party over another based on authorship will apply.

11.14 Independent Legal Advice

Each of the Parties acknowledges that it has read and understands the terms and conditions of this Agreement and acknowledges and agrees that it has had the opportunity to seek, and was not

prevented or discouraged by any other Party to this Agreement from seeking, any independent legal advice which it considered necessary before the execution and delivery of this Agreement and that, if it did not avail itself of that opportunity before signing this Agreement, it did so voluntarily without any undue pressure, and agrees that its failure to obtain independent legal advice will not be used by it as a defence to the enforcement of its obligations under this Agreement.

11.15 Set-Off

Buyer or Seller, as applicable, is entitled to set-off any uncontested amounts owing to them against any other amounts payable by Buyer or Seller, on one hand, to Seller or Buyer, on the other hand, under this Agreement.

11.16 Guarantee

The Guarantor hereby absolutely, irrevocably and unconditionally guarantees to the Buyer the due and timely performance by the Seller, and agrees to cause the Seller to satisfy, all obligations of the Seller under this Agreement (the “**Guarantee**”). The Guarantee shall remain in full force and effect until the Seller has satisfied all of its obligations to the Buyer under this Agreement. The Guarantor hereby agrees that it shall not institute any action asserting that the Guarantee is illegal, invalid or unenforceable in accordance with its terms. If the Seller becomes subject to a bankruptcy, reorganization or similar proceeding, then the Buyer shall not be obligated to file any claim relating to the Seller’s obligations under this Agreement and the failure of the Buyer to so file will not affect the Guarantor’s obligations pursuant to this Section 11.16. The Guarantee shall be binding on the Guarantor and its successors and assigns.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

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

MEDIPHARM LABS INC.

By: (s) David Pidduck
Name: David Pidduck
Title: Authorized Signing Officer

MEDIPHARM LABS CORP.

By: (s) David Pidduck
Name: David Pidduck
Title: Authorized Signing Officer

KENSANA HEALTH INC.

By: (s) Ken Clement
Name: Ken Clement
Title: Authorized Signing Officer

Schedule 1.1(a)

Exclusions from the Transaction

[Schedule has been intentionally redacted as commercially sensitive information]

Schedule 1.1(b)

Restricted MediPharm Customers

[Schedule has been intentionally redacted as commercially sensitive information]

Schedule 1.1(c)

Retained Employees

[Schedule has been intentionally redacted as commercially sensitive information]

Schedule 6.4.7

Transition Services

[Schedule has been intentionally redacted as commercially sensitive information]

Schedule 6.4.8

Supply and Services Agreement

[Schedule has been intentionally redacted as commercially sensitive information]

Schedule 11.4

Arbitration Procedures

1. As used in this Schedule, the term “Arbitrator” means the Sole Arbitrator appointed pursuant to Section 3 of this Schedule or the Arbitration Board appointed pursuant to Section 4 of this Schedule, as the case may be.
2. Where any Dispute arises which, pursuant to Section 11.4 of the Agreement is to be settled by arbitration (the “**Matter**”), the *Arbitration Act* (Ontario), as amended, and the provisions of this Schedule shall govern the arbitration of the Matter and shall constitute a submission for the purposes of the *Arbitration Act* (Ontario). In the event of any conflict between the provisions of this Schedule and the provisions of the *Arbitration Act* (Ontario), as amended, the provisions of this Schedule shall govern the arbitration of the Matter.
3. An arbitration hereunder shall be commenced by one or more of the Disputing Parties (the “**Complainant**”) delivering a written complaint (the “**Complaint**”) to the other Disputing Parties (the “Respondent”), describing the Matter and appointing an arbitrator. Within 10 days of the receipt of the Complaint, the Respondent may, by notice to the Complainant, concur in the appointment of that arbitrator or appoint an additional arbitrator. Failing the delivery of such notice by the Respondent within such time period, the Respondent shall be deemed to have concurred in the appointment of the arbitrator appointed by the Complainant and such arbitrator shall determine the Matter acting alone (the “**Sole Arbitrator**”).
4. If the Respondent appoints an additional arbitrator pursuant to Section 3 of this Schedule, then, within 10 days of the appointment of such additional arbitrator, the arbitrators so appointed shall agree on the appointment of an additional arbitrator as chairperson (the “**Chairperson**”), and they shall forthwith notify the Complainant and the Respondent of such appointment, failing which the Chairperson may be appointed by a judge of a court of competent jurisdiction on the application of either the Complainant or the Respondent. Upon such appointment of the Chairperson, the Chairperson and the other arbitrators previously appointed shall constitute the “**Arbitration Board**”.
5. Any decision of the Arbitrator made with respect to the Matter or with respect to any aspect of, or any matter related to, the arbitration hereunder (including the procedures of the arbitration) shall be made by either the Sole Arbitrator or by a majority of the Arbitration Board (or in default of agreement by such majority, then by the Chairperson), as the case may be. All decisions of the Arbitrator with respect to the Matter shall be rendered in writing and shall contain a brief recital of the facts upon which the decision is made and the reasons therefor.
6. The following rules shall apply to the arbitration of any Matter:
 - (a) within 10 days of the appointment of the Arbitrator, the Complainant shall deliver to the Respondent and the Arbitrator a written statement (the “**Claim**”) concerning the Matter setting forth, with particularity, its position with respect to the Matter and the material facts upon which it intends to rely;

- (b) within 20 days after the receipt of the Claim, the Respondent shall deliver to the Complainant and the Arbitrator a written response (the “**Answer**”) to the Claim setting forth, with particularity, its position on the Matter and the material facts upon which it intends to rely;
- (c) if the Respondent fails to deliver an Answer within the time limit referred to in Subsection (b) of Section 6, the Respondent shall be deemed to have admitted the Claim;
- (d) within 20 days after the receipt of the Answer, the Complainant may deliver to the Respondent and the Arbitrator a written reply (the “**Reply**”) to the Answer, setting forth, with particularity, its response, if any, to the Answer;
- (e) within the time provided for the delivery of the Answer, the Respondent may also deliver to the Complainant and the Arbitrator a counter-complaint (the “**Counter-Complaint**”) setting forth, with particularity, any additional Matter for the Arbitrator to decide. Within 20 days of the receipt of a Counter-Complaint, the Complainant shall deliver to the Respondent and the Arbitrator an Answer to such Counter-Complaint. If the Complainant fails to deliver an answer to the Counter-Complaint within such 20 day period, the Complainant will be deemed to have admitted the Counter-Complaint. Within 20 days after the receipt of an Answer to the Counter-Complaint, the Respondent may deliver to the Complainant and the Arbitrator a Reply to such Answer. Any Matter submitted to arbitration in accordance with this Subsection (e) shall be governed by, and dealt with as if it were the subject of a Complaint in accordance with this Schedule, except that it shall be deemed a submission to the Arbitrator already appointed, and shall be determined by the Arbitrator accordingly;
- (f) the time limits set for the delivery of the documents referred to in Subsections (a) to (e) inclusive of this Section 6 may be extended by the Arbitrator for such period and for such reasons as he, she or they in their discretion may determine upon application made to him, her or them by either the Complainant or the Respondent, as the case may be, on notice to the other, either before the expiry of the time limit in issue or within two days thereafter and, in the event that the other wishes to oppose the application, it or they shall be given an opportunity to make submissions on the application;
- (g) upon completion of the foregoing steps in this Section 6 or upon the expiry of the time limit provided therefor if a step provided for in this Section is not taken by such time, either the Complainant or the Respondent may make application to the Arbitrator to convene a preliminary hearing for determination of the following:
 - (i) appointing the time, date and place in Toronto, Ontario for the hearing (the “**Hearing**”) of the Matter;
 - (ii) arranging for the production of documents pertaining to the Matter as between the Complainant and the Respondent;

- (iii) arranging for the delivery of and answers to written interrogatories pertaining to the Matter as between the Complainant and the Respondent; and
 - (iv) prescribing such additional rules and procedures considered by the Arbitrator to be necessary or desirable for the conduct of the arbitration (including compulsion of witnesses and examination for discovery under oath); and
 - (h) the Arbitrator shall at the time and place appointed by the Arbitrator pursuant to Subsection (g) of this Section 6 or as he, she or they may subsequently direct, convene the Hearing and shall, after the Hearing, determine the Matter or Matters submitted to him, her or them and make his, her or their award.
7. Every claim or award of the Arbitrator made pursuant hereto shall be final and binding upon the Complainant and the Respondent and there shall be no appeal therefrom. The Arbitrator shall have jurisdiction to award the costs of the arbitration, including the fees of the Arbitrator, as between the Complainant and the Respondent, and to direct the payment of interest in respect of any award at such rates and from and to such dates as are determined by the Arbitrator to be appropriate.
 8. The Arbitrator shall be paid their normal professional fees for their time and attendances in dealing with the Matter, which fees, unless otherwise directed by the Arbitrator in accordance with Section 7 of this Schedule, shall be paid equally by the Complainant and the Respondent.
 9. All notices and all other documents required or permitted by this Schedule to be given by the Complainant or the Respondent to each other shall be given in accordance with Section 11.2 of the Agreement. All notices and all other documents required or permitted by this Schedule to be given by the Complainant or the Respondent to the Arbitrator shall be given in accordance with the Arbitrator' instructions.
 10. All parties to the Agreement agree that the provisions of Section 52(1) of the *Arbitration Act* (Ontario) will not apply in connection with any arbitration commenced pursuant to the provisions of this Agreement.

EXHIBIT 1

Corporate Disclosure Schedule

[The Corporate Disclosure Schedule has been intentionally redacted as commercially sensitive information]