

AMALGAMATION AGREEMENT

DATED as of December 1, 2017

BETWEEN:

VALENCIA VENTURES INC., a company existing under the laws of Ontario
("Valencia")

AND:

2608487 ONTARIO INC., a company existing under the laws of Ontario
("Valencia Subco")

AND:

2292055 ONTARIO LTD., a company incorporated under the laws of Ontario
("EarthRenew")

WHEREAS:

- A. Valencia desires to acquire all of the issued and outstanding shares of EarthRenew (the "**Transaction**") pursuant to the terms and conditions herein;
- B. Valencia has incorporated Valencia Subco as a wholly-owned subsidiary for the purpose of effecting a three corner amalgamation among Valencia, Valencia Subco and EarthRenew;
- C. In order to most efficiently effect the terms of the Transaction, EarthRenew and Valencia Subco have agreed to amalgamate under the provisions of the *Business Corporations Act* (Ontario) on the terms and conditions described in this Agreement so that the shareholders of EarthRenew become shareholders of Valencia and Valencia Subco and EarthRenew continue as one corporation, which shall be a wholly-owned subsidiary of Valencia.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual agreements and covenants herein contained (the receipt and adequacy of such consideration being mutually acknowledged by each party), the parties covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 **Definitions:** In this Agreement the following words and phrases shall have the following meanings:

- (a) “**Amalco**” means EarthRenew Strathmore Inc., the corporation to be formed by the Amalgamation (or such other name as shall be approved by Valencia and EarthRenew);
- (b) “**Amalgamating Corporations**” means, collectively, Valencia Subco, and EarthRenew;
- (c) “**Amalgamation**” means the amalgamation of Valencia Subco, and EarthRenew under Section 174 of the OBCA and in accordance with the terms and conditions of this Agreement;
- (d) “**Assets**” means all property or assets of any nature or kind, whether real or personal, tangible or intangible, corporeal or incorporeal, and includes any interest therein;
- (e) “**Business Day**” means any day other than a Saturday, Sunday or any statutory holiday in the Province of Ontario;
- (f) “**Claim**” means (a) any suit, action, proceeding, dispute, investigation, claim, arbitration, order, summons, citation, directive, charge, demand or prosecution, whether legal or administrative; or (b) any appeal or application for review, at law or in equity or by any Governmental Body;
- (g) “**Closing**” means the closing of the Transaction;
- (h) “**Closing Date**” means such date on or before June 30, 2018, which is three Business Days after the date on which all conditions precedent hereunder have been satisfied or waived and all necessary approvals are received, or waived, by Valencia, Valencia shareholders, EarthRenew and the EarthRenew shareholders with respect to the Transaction, to the extent such party has the right hereunder to waive such approval, or such later time or date as may be agreed upon in writing by the parties;
- (i) “**Closing Time**” means 5:00 p.m. (Toronto time) on the Closing Date or such other time as agreed to in writing by the parties;
- (j) “**Data**” means, with respect to the business of EarthRenew any and all data, patents technical report, information, market information and other information in relation to the business of EarthRenew;
- (k) “**EarthRenew**” means 2292055 Ontario Ltd., and any successor or assignee thereof;
- (l) “**EarthRenew Meeting**” means the special meeting, including any adjournments or postponements thereof, of the shareholders of EarthRenew to be held to consider and; if deemed advisable, approve, among other things, the Amalgamation;

- (m) “**Employee Plan**” means, any retirement, pension, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or other employee compensation or benefit plan, arrangement, policy, program or practice (whether provided on a pre- or post-retirement basis) that is maintained, or otherwise contributed to or required to be contributed to, by a legal entity for the benefit of any present or former employees, officers or directors of such legal entity;
- (n) “**Effective Date**” means the effective date indicated upon the certificate issued pursuant to the Amalgamation;
- (o) “**Effective Time**” means 12:01 a.m. (Toronto Time) on the Effective Date;
- (p) “**Encumbrances**” means any lien, claim, charge, pledge, hypothecation, security interest, mortgage, title retention agreement, option, royalty, or encumbrance of any nature or kind whatsoever;
- (q) “**Environmental Laws**” means all applicable international, federal, provincial, state, municipal and local treaties, conventions, laws, statutes, ordinances, by-laws, codes, regulations, and all policies, guidelines, standards, orders, directives and decisions rendered or promulgated by any ministry, department or administrative or regulatory agency or body whatsoever (including international organizations formed by or participated in by any national, provincial or state government or representatives thereof) relating to health and safety, the protection or preservation of the environment or the manufacture, processing, distribution, use, treatment, storage, disposal, discharge, transport or handling of any product or import of EarthRenew or any Hazardous Substances;
- (r) “**Environmental Permits**” means all permits, licences and authorizations required under Environmental Laws in connection with the conduct and operation of business, as currently conducted;
- (s) “**Governmental Body**” means any domestic or foreign (a) federal, provincial, state, municipal, local or other government, (b) governmental or quasi-governmental authority of any nature, including any governmental ministry, agency, branch, department, commission, court, board, tribunal, bureau or instrumentality, or (c) body exercising or entitled to exercise any administrative, executive, judicial, legislative, regulatory or taxing authority or power of any nature;
- (t) “**Hazardous Substances**” means any contaminant, pollutant, dangerous substance, liquid waste, industrial waste, hauled liquid waste, toxic substance, special waste, hazardous waste, hazardous material or hazardous substance as defined in or pursuant to any Environmental Laws, law, judgment, decree, order, injunction, rule, statute or regulation of any court, arbitrator or governmental authority;

- (u) “**Indebtedness**” has the meaning ascribed to such term in Section 4.1(m);
- (v) “**Losses**” or “**Loss**” in respect of any matter, means any and all costs, expenses, penalties, fines, losses, damages, liabilities and deficiencies (including all amounts paid in settlement, all interest and penalties and all legal and other professional fees and disbursements, including those incurred in defending any Claim) arising directly or indirectly as a consequence of such matter;
- (w) “**Material Contracts**” means those commitments, contracts, instruments, leases and other agreements, oral or written, entered into by a party hereto, by which a party hereto is bound or to which it or its Assets are subject that have total payment obligations on the part of that party that exceed \$50,000 or are for a term of or in excess of twelve months;
- (x) “**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;
- (y) “**OBCA**” means the *Business Corporations Act* (Ontario);
- (z) “**Permitted Encumbrances**” means:
 - (i) Encumbrances for taxes, rates, assessments, charges, penalties, interest or levies imposed by a Governmental Body directly or indirectly that are not yet due or payable or that are being contested in good faith by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained in the financial statements; and in the case of contested taxes, there is no requirement under applicable law that such taxes be paid or secured notwithstanding such contest;
 - (ii) The right reserved to or vested in any Governmental Body by the terms of any lease, licence, grant or permit or by any statutory or regulatory provision to terminate any lease, licence, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
 - (iii) Encumbrances that are (i) not at the time overdue and (ii) incurred in the ordinary course of business under worker’s compensation laws, unemployment insurance or other social security legislation or similar legislation;
 - (iv) Any reservations, limitations, provisos and conditions expressed in original grants from any Governmental Body;
 - (v) Encumbrances created explicitly by, and recorded in, the Strathmore plant lease; and
 - (vi) Any easements, rights of way, servitudes or other rights in land granted to or reserved by other Persons, rights of way for sewers, electrical lines,

telegraph and telephone lines and other similar purposes or zoning or other restrictions for the use of real property.

- (aa) “**Person**” includes an individual, corporation, body corporate, partnership, joint venture, association, trust or unincorporated organization or any trustee, executor, administrator or other legal representative thereof;
- (bb) “**Representatives**” means, with respect to any party, its directors, employees, accountants, counsel and other agents and representatives;
- (cc) “**Transaction**” means the completion of the Amalgamation;
- (dd) “**TSXV**” means the TSX Venture Exchange;
- (ee) “**Valencia**” has the meaning ascribed to it above;
- (ff) “**Valencia Meeting**” means the annual general and special meeting, including any adjournments or postponements thereof, of the shareholders of Valencia currently scheduled to be held to consider, and, if deemed advisable, approve, among other things, the appointment of auditors, election of directors, renewal of Valencia’s stock option plan and the Amalgamation;
- (gg) “**Valencia Shares**” means the 55,000,000 common shares in the capital of Valencia issuable to EarthRenew shareholders in the amounts as directed by EarthRenew in writing, as consideration for the completion of the Transaction; and
- (hh) “**Valencia Subco**” has the meaning ascribed to it above.

1.2 **Schedules:** The following are the schedules to this Agreement:

- Schedule A List of EarthRenew Options
- Schedule B Liabilities of Valencia and EarthRenew.
- Schedule C Material Contracts of Valencia and EarthRenew.
- Schedule D Draft Articles of Amalgamation

1.3 **Interpretation:** For the purposes of this Agreement, except as otherwise expressly provided herein:

- (a) “this Agreement” means this Agreement, including the Schedules hereto, as it may from time to time be supplemented or amended;
- (b) all references in this Agreement to a designated Article, section, subsection, paragraph, or other subdivision, or to a Schedule, is to the designated Article, section, subsection, paragraph or other subdivision of, or Schedule to, this Agreement unless otherwise specifically stated;

- (c) the words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, clause, subsection or other subdivision or Schedule;
- (d) “the parties” means the parties to this Agreement, being Valencia, Valencia Subco, EarthRenew, and “a party” means either one of them;
- (e) the singular of any term includes the plural and *vice versa* and the use of any term is equally applicable to any gender and where applicable to a body corporate;
- (f) the word “including” is not limiting (whether or not non-limiting language such as “without limitation”, “but not limited to” and other words of similar import are used with reference thereto);
- (g) the headings to the Articles and clauses of this Agreement are inserted for convenience only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;
- (h) the parties acknowledge that this Agreement is the product of arm’s length negotiation between the parties, each having obtained its own independent legal advice, and that this Agreement shall be construed neither strictly for nor strictly against either party irrespective of which party was responsible for drafting this Agreement;
- (i) the representations, warranties, covenants and agreements contained in this Agreement shall not merge at the Closing and shall continue in full force and effect from and after the Closing Date for the applicable period set out in this Agreement; and
- (j) unless otherwise specifically noted, all references to money in this Agreement are or shall be to lawful money of Canada. If it is necessary to convert money from another currency to lawful money of Canada, such money shall be converted to lawful money of Canada using the exchange rates in effect at the close of business on the Business Day prior to the Closing Date.

ARTICLE 2 THE AMALGAMATION

2.1 Implementation Steps

- (a) Valencia shall call and convene the Valencia Meeting at which the Valencia shareholders will be asked to approve the Transaction, and any ancillary matters.
- (b) EarthRenew shall call and convene the EarthRenew Meeting at which the EarthRenew shareholders will be asked to approve the Amalgamation and any ancillary matters.
- (c) Valencia covenants in favour of the other parties hereto that it shall, in its capacity as the sole shareholder of Valencia Subco, approve and execute a special resolution approving

the Amalgamation as soon as reasonably practicable following approval of same at the Valencia Meeting.

- (d) Following the approval of this Agreement by the shareholders of the Amalgamating Corporations in accordance with the OBCA and with the terms of this Agreement, and subject to the satisfaction or waiver of all conditions precedent set forth in this Agreement the Amalgamating Corporations shall jointly file the Articles of Amalgamation as set out in Schedule “D” hereto with the director, as provided under the OBCA.

2.2 Effects of the Amalgamation

At the Effective Time, the following shall occur and shall be deemed to occur without any further act or formality:

- (a) Valencia Subco and EarthRenew shall amalgamate to form Amalco and shall continue as one company under the OBCA in the manner set out in Section 2.5 hereof and with the effect as of the Effective Time;
- (b) immediately upon the Amalgamation:
 - (i) each EarthRenew Share shall be exchanged for one fully-paid and non-assessable Valencia Share;
 - (ii) all of the property and assets of each of Valencia Subco, and EarthRenew shall be the property and assets of Amalco and Amalco shall be liable for all of the liabilities and obligations of each of Valencia Subco and EarthRenew; and
 - (iii) Amalco shall be a wholly-owned subsidiary of Valencia.

2.3 Consultation

Upon execution of this Agreement, Valencia and EarthRenew shall issue a press release that announces that the parties have entered into this Agreement and providing such further information concerning the Transaction as the parties may agree or as is otherwise required by the TSXV. The parties shall consult with each other in respect to issuing any press release or otherwise making any public statement with respect to this Agreement or the Amalgamation, its business or operations and in making any filing with any Governmental Body, securities regulatory authority or stock exchange with respect thereto. Each of Valencia and EarthRenew shall use commercially reasonable efforts to enable the other party to review and comment on all such press releases, public statements and filings prior to the release or filing, respectively, thereof, provided, however, that the obligations herein shall not prevent a party from making, after consultation with the other party, such disclosure as is required by applicable laws or the rules and policies of any applicable stock exchange. Reasonable consideration shall be given to any comments made by the other party and its counsel.

2.4 Valencia Circular

- (a) As promptly as reasonably practicable following execution of this Agreement, Valencia, in consultation with the other parties, shall prepare the information circular for the Valencia Meeting together with any other documents required by applicable laws. On the date thereof, the parties shall each ensure that this information circular complies in all material respects with all applicable laws and that it contains sufficient detail to permit the Valencia shareholders to form a reasoned judgment concerning the matters to be placed before them at the Valencia Meeting.
- (b) The parties shall also use best efforts to obtain any necessary consents from any of its auditors and any other advisors to the use of any financial, technical or other expert information required to be included in the information circular for the Valencia Meeting. The parties shall ensure that any information related to itself does not include any misrepresentation.
- (c) The parties shall each promptly notify each other if at any time before the Effective Date either becomes aware that the information circular for the Valencia Meeting contains a misrepresentation, or that otherwise requires an amendment or supplement to the information circular and the parties shall co-operate in the preparation of any amendment or supplement as required or appropriate, and Valencia shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Valencia shareholders and, if required by applicable laws, file the same with any Governmental Body or stock exchange and as otherwise required.

2.5 **EarthRenew Circular**

- (d) As promptly as reasonably practicable following execution of this Agreement, EarthRenew, in consultation with the other parties, shall prepare the information circular for the EarthRenew Meeting together with any other documents required by applicable laws. On the date thereof, the parties shall each ensure that this information circular complies in all material respects with all applicable laws and that it contains sufficient detail to permit the EarthRenew shareholders to form a reasoned judgment concerning the matters to be placed before them at the EarthRenew Meeting.
- (e) The parties shall also use best efforts to obtain any necessary consents from any of its auditors and any other advisors to the use of any financial, technical or other expert information required to be included in the information circular for the EarthRenew Meeting. The parties shall ensure that any information related to itself does not include any misrepresentation.
- (f) The parties shall each promptly notify each other if at any time before the Effective Date either becomes aware that the information circular for the EarthRenew Meeting contains a misrepresentation, or that otherwise requires an amendment or supplement to the information circular and the parties shall co-operate in the preparation of any amendment or supplement as required or appropriate, and EarthRenew shall promptly mail or otherwise publicly disseminate any amendment or supplement to the EarthRenew shareholders and, if required by applicable laws, file the same with any Governmental Body or stock exchange and as otherwise required.

2.6 Amalco

Following the Amalgamation, Amalco shall be organized as follows:

- (a) The name of Amalco shall be “EarthRenew Strathmore Inc.” or such other name as may be jointly approved by EarthRenew and Valencia.
- (b) The registered office of Amalco shall be 65 Queen St West, Suite 800, Toronto, ON M5H 2M5.
- (c) There shall be no restrictions on the business that Amalco may carry on or on the powers that Amalco may exercise.
- (d) The authorized capital of Amalco shall be an unlimited number of common shares.
- (e) If Amalco:
 - (i) is not a reporting issuer or an investment fund within the meaning of applicable securities legislation; and
 - (ii) has not distributed to the public (excluding accredited investors within the meaning of applicable securities legislation) any of its securities;then no securities in the capital of Amalco (other than non-convertible debt securities) shall be transferred without either:
 - (i) the previous consent of the board of directors expressed by a resolution passed by the board of directors or by an instrument or instruments in writing signed by a majority of the directors; or
 - (ii) the previous consent of the holders of at least 51% of the securities of that class for the time being outstanding expressed by a resolution passed by the security holders or by an instrument or instruments in writing signed by such security holders.
- (f) The stated capital account in the records of Amalco for Amalco Shares shall be equal to the stated capital attributed to the shares of the companies amalgamating to create Amalco.
- (g) The board of directors of Amalco shall consist of not less than one and not more than ten directors, until changed in accordance with the OBCA. Until changed by the shareholders of Amalco, or by the directors of Amalco if authorized by the shareholders of Amalco, the number of directors of Amalco shall be two.
- (h) The first directors of Amalco shall be the person whose name and address for service appears below:

Name	Address for Service	Resident
Ryan Ptolemy	65 Queen St West, Suite 800, Toronto, ON M5H 2M5	Canada
Keith Driver	65 Queen St West, Suite 800, Toronto, ON M5H 2M5	Canada

Each of the first directors named above shall hold office from the Effective Date until the later of the close of the first annual meeting of shareholders of Amalco and the date on which a successor is elected or appointed.

- (i) The by-laws of Amalco shall be, to the extent not inconsistent with this Agreement, the by-laws of Valencia Subco, unless and until repealed or amended.
- (j) The first auditors of Amalco shall be UHY McGovern Hurley LLP, Chartered Accountants. The first auditors of Amalco shall hold office until the first annual meeting of shareholders of Amalco following the Amalgamation, or until their successor is appointed.
- (k) The fiscal year end of Amalco shall be December 31.

2.7 Structuring

The parties and their advisors shall in good faith consider and investigate whether the transactions contemplated by this Agreement may be effected in a manner that is more tax efficient than that set out herein. If, following such investigation, the parties deem it necessary or advisable, the parties shall amend this Agreement in order to provide for a more tax efficient structure.

ARTICLE 3 VALENCIA REPRESENTATIONS AND WARRANTIES

3.1 **Representations and Warranties.** In order to induce the other parties to enter into and to consummate the transactions contemplated hereunder, Valencia represents and warrants to the other parties as follows:

- (a) Organization and Good Standing: Each of Valencia and Valencia Subco are companies duly incorporated and validly existing under the laws of the province of Ontario.
- (b) Corporate Structure: The authorized capital of Valencia Subco consists of an unlimited number of common shares. Valencia holds a 100% interest in Valencia Subco.
- (c) Authority: Each of Valencia and Valencia Subco has all necessary corporate power, authority and capacity to complete the Amalgamation and to perform its

obligations hereunder, subject to the receipt of requisite regulatory and shareholder approval, pursuant to the terms thereof. The execution and delivery of this Agreement has been duly authorized by all necessary corporate action on the part of Valencia and this Agreement has been duly executed and delivered by Valencia and constitutes a valid and binding obligation of Valencia, except as such enforceability may be limited by general principles of equity and by bankruptcy, insolvency, reorganization or similar laws and judicial decisions affecting the rights of creditors generally.

- (d) Compliance: The execution, delivery and performance of this Agreement and each of the other agreements contemplated or referred to herein by Valencia and Valencia Subco, and the completion of the transactions contemplated hereby, will not conflict with nor constitute or result in a violation or breach of or material default under or cause the acceleration of any obligations of Valencia or Valencia Subco under:
 - (i) any term or provision of any of its notice of articles, articles or other constating documents of Valencia or Valencia Subco or any director or shareholder minutes;
 - (ii) the terms of any indenture, agreement (written or oral), instrument or understanding or other obligation or restriction to which Valencia is a party or by which it is bound; or
 - (iii) any term or provision of any licenses, registrations or qualification of Valencia or Valencia Subco or any order of any court, governmental authority or regulatory body or any applicable law or regulation of any jurisdiction.
- (e) Minute Books: The minute books of Valencia are true and correct in all material respects, contain the duly signed minutes of all meetings of the board of directors, shareholders and board committees of Valencia, as applicable.
- (f) Absence of Undisclosed Liabilities: Valencia and Valencia Subco does not have any outstanding indebtedness or any liabilities or obligations (whether accrued, absolute, contingent or otherwise) other than those provided for historically in the financial statements or incurred in the ordinary course of business in accordance with past practice.
- (g) Material Contracts: Except for the Material Contracts set out in Schedule C, Valencia is not a party to nor bound by any Material Contract, whether oral or written, and the Material Contracts listed in Schedule C are all valid and subsisting, in full force and effect and unamended, no material default exists in respect thereof on the part of Valencia or, to the best of Valencia's knowledge, on the part of any of the other parties thereto. Valencia is not aware of any intention on the part of any of the other parties thereto to terminate or materially alter any of such Material Contracts.

- (h) Absence of Guarantees: Valencia is not subject to any guarantees, indemnities or contingent or indirect obligations with respect to the liabilities or obligations of any other Person (including any obligation to service the debt of or otherwise acquire an obligation of another Person or to supply funds to, or otherwise maintain any working capital or other statement of financial position condition of any other Person).
- (i) Financial Condition The financial statements of Valencia for its most recently completed financial year and its most recently completed interim period contained on its public disclosure record available at www.sedar.com: (i) complied as to form in all material respects with the published rules and regulations under the applicable securities laws; (ii) were reported in accordance with International Financial Reporting Standards; and (iii) present fairly the consolidated financial position of Valencia and its subsidiaries, on a consolidated basis, as of the respective dates thereof and the consolidated results of operations of Valencia and its subsidiaries, if any, for the periods covered thereby, and there has been no material adverse change to Valencia's financial condition since December 31, 2016.
- (j) Filings: Valencia:
 - (i) has duly filed in a timely manner all income tax returns and election forms in all jurisdictions where such tax returns or election forms are required to be filed and to the best of Valencia's knowledge all such returns and forms have been completed accurately and correctly in all material respects; and
 - (ii) has paid all taxes and all interest and penalties thereon for all previous years and all required quarterly instalments due for the current fiscal year have been paid;and there is no agreement, waiver or other arrangement providing for an extension of time with respect to the filing of any tax return, or payment of any tax, governmental charge or deficiency, nor is there any action, suit, litigation, arbitration, proceeding, governmental proceeding, investigation or claim, including appeals and applications for review, in progress, or to the best of Valencia's knowledge, threatened or pending against or in relation to Valencia or any of its assets in respect of, or discussions underway with any governmental authority relating to, any such tax or governmental charge or deficiency.
- (k) Capitalization: Other than the 19,819,647 common shares and 1,306,250 stock options to purchase common shares, there are no authorized, outstanding or existing securities of Valencia outstanding.
- (l) Absence of Options: One common share represents all of the issued and outstanding shares in the capital of Valencia Subco and no Person has any agreement, right or option, present or future, contingent, absolute or capable of becoming an agreement, right or option or which with the passage of time or the

occurrence of any event could become an agreement, right or option to acquire Valencia Subco, or any interest therein.

- (m) Indebtedness: Valencia is not indebted to any directors, officers, consultants or creditors of Valencia or any affiliate or associate of any of them, on any account whatsoever, and Valencia covenants not to, unless required to do so by applicable law, make any repayment of the Indebtedness.
- (n) Absence of Contingent Tax Liabilities: There are no contingent tax liabilities against Valencia or its subsidiaries nor to the best of Valencia's knowledge, any grounds that could prompt a reassessment.
- (o) Litigation: There is no suit, action, litigation, investigation, claim, complaint or proceeding before any governmental authority in progress or pending or, to the best of Valencia's knowledge, threatened against or relating to it, any of its subsidiaries or their respective assets that, if determined adversely to Valencia or its subsidiaries, would prevent it from fulfilling all of its obligations set out in this Agreement or arising from this Agreement or that would be expected to have a materially adverse effect upon Valencia, its subsidiaries, their respective financial condition, results of operations or business prospects, and, to the best of Valencia's knowledge, there are no existing grounds on which any such action, suit, litigation or proceeding might be commenced with any likelihood of success.
- (p) Anti-Corruption. Neither Valencia nor its subsidiaries, nor any of their respective directors, officers, agents, employees or any other Person acting on Valencia's behalf has, in connection with the operation of its respective business, used any corporate or other funds for unlawful contributions, payments, gifts or entertainment, or made any unlawful expenditures relating to political activity to government officials, candidates or members of political parties or organizations, or established or maintained any unlawful or unrecorded funds in violation in any material respect of the *Corruption of Foreign Public Officials Act* (Canada) or any other similar applicable law.
- (q) Reporting Issuer. Valencia is a "reporting issuer" as such term is defined under the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and has been a reporting issuer for more than four months prior to the Effective Time and has no reason to believe that it is in default of applicable securities legislation.
- (i) Employment Agreements. There is no change of control payment that is triggered by this transaction, and there are no severance payments or termination payments that Valencia is obligated to pay, including without limitation, to any consultants, directors, officers, employees or agents;

3.2 **Survival**: The representations and warranties of Valencia hereunder shall survive the Closing for a period of 24 months, notwithstanding the waiver of any condition by the other parties.

3.3 **Reliance:** Valencia acknowledges and agrees that the other parties have entered into this Agreement relying on the warranties and representations and other terms and conditions of this Agreement. The other parties acknowledge that it has had the opportunity to conduct due diligence and investigations with respect to Valencia and in no event shall Valencia have any liability to the other parties with respect to a breach of representation, warranty or covenant under this Agreement to the extent that such other party knew of such breach as of the Closing Date.

ARTICLE 4 EARTHRENEW REPRESENTATIONS AND WARRANTIES

4.1 **EarthRenew Representations and Warranties:** In order to induce the other parties to enter into and to consummate the transactions contemplated hereunder, EarthRenew represents and warrants as follows:

- (a) Organization and Good Standing: EarthRenew is duly incorporated and validly existing under the laws of its jurisdiction of incorporation and has all necessary corporate power, authority and capacity to own their respective Assets and to carry on its business as presently conducted. EarthRenew has not registered to conduct business in any jurisdiction other than the Province of Quebec and Ontario, Canada and neither the nature of the business of the EarthRenew, nor the location or character of the respective Assets owned or leased by the EarthRenew requires that the EarthRenew be registered in any other jurisdiction.
- (b) Corporate Structure: The authorized capital of EarthRenew consists of an unlimited number of common shares, of which there are 55,000,000 issued and outstanding. Other than the common shares and the stock options described in subsection 3.3(g), there are no other issued and outstanding securities of EarthRenew.
- (c) Title: The EarthRenew shareholders, a list of of which has been provided to Valencia in writing, are the registered holders of all of the issued and outstanding common shares in the capital of EarthRenew. Each EarthRenew common share has been duly and validly issued and is outstanding as fully paid and non-assessable shares in the capital of EarthRenew.
- (d) Authority: Subject to the receipt of requisite shareholder, EarthRenew has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder including the completion of the Amalgamation and to perform its obligations hereunder. Subject to the receipt of requisite shareholder approval, the execution and delivery of this Agreement has been duly authorized by all necessary corporate action on the part of EarthRenew and this Agreement has been duly executed and delivered by EarthRenew and constitutes a valid, binding and enforceable obligation of EarthRenew, except as such enforceability may be limited by general principles of equity and by bankruptcy, insolvency, reorganization or similar laws and judicial decisions affecting the rights of creditors generally.

- (e) Tax Status: EarthRenew is not a “non-resident” of Canada within the meaning of the *Income Tax Act*.
- (f) Agreement Valid: EarthRenew is not a party to, bound by or subject to any indenture, mortgage, lease, agreement, instrument, statute, regulation, order, judgment, decree or law that would be violated, contravened or breached by, or under which any default would occur as a result of, the authorization, execution and delivery of this Agreement by EarthRenew or the performance by it of any of the terms hereof. None of the authorization, execution or delivery of this Agreement by EarthRenew, nor the performance of its obligations hereunder will violate, conflict with or breach its or the its articles or by-laws or other organizational documents, or any Permit or Material Contract by which EarthRenew, its EarthRenew or their respective Assets are bound.
- (g) Stock of Options: As of the date hereof, other than as described in Schedule “A” to this Agreement, there are no outstanding convertible securities of EarthRenew.
- (h) Financial Statements: The financial statements to be delivered by EarthRenew will present fairly the financial position of the EarthRenew as at the date set out therein and the results of such company’s operations and the changes in such company’s financial position for the period then ended and reflect any reserves that are required to be included under the accounting standards used by the EarthRenew in the preparation of its financial statements. Since September 30, 2017, there has been no material change in respect of the EarthRenew’s operations, financial condition or business.
- (i) Minute Books: The minute books of the EarthRenew are true and correct in all material respects; contain the duly signed minutes of all meetings of the board of directors, shareholders and board committees of the EarthRenew, as applicable, and all resolutions passed by the board of directors, shareholders and board committees of the EarthRenew, as applicable.
- (j) Absence of Undisclosed Liabilities: Except as disclosed in Schedule B, the EarthRenew does not have any outstanding indebtedness or any liabilities or obligations (whether accrued, absolute, contingent or otherwise) other than those provided for historically in the financial statements or incurred in the ordinary course of business in accordance with past practice.
- (k) Material Contracts: Except for the Material Contracts set out in Schedule C, EarthRenew is not a party to nor bound by any Material Contract, whether oral or written, and the Material Contracts listed in Schedule C are all valid and subsisting, in full force and effect and unamended, no material default exists in respect thereof on the part of the EarthRenew or, to the best of EarthRenew’s knowledge, on the part of any of the other parties thereto. EarthRenew is not aware of any intention on the part of any of the other parties thereto to terminate or materially alter any of such Material Contracts.

- (l) Absence of Guarantees: EarthRenew is not subject to any guarantees, indemnities or contingent or indirect obligations with respect to the liabilities or obligations of any other Person (including any obligation to service the debt of or otherwise acquire an obligation of another Person or to supply funds to, or otherwise maintain any working capital or other statement of financial position condition of any other Person).
- (m) Insurance: EarthRenew maintains a casual and general liability policy that provides \$1,000,000 in coverage for general liability and environmental matters. All insurance policies maintained in respect of EarthRenew and its Assets are in full force and effect and in good standing, and EarthRenew is not default of the payment of any premium or otherwise in respect thereof nor has EarthRenew failed to give notice or present any material claim under such insurance in a due and timely fashion or received notice or otherwise become aware of any intent of the insurer to either claim any default on the part of or not to renew the policy of insurance on substantially similar terms.
- (n) Copies of Agreements: True, correct and complete copies of all mortgages, leases, agreements, instruments, licences, permits, authorizations and other documents related to the business of EarthRenew, including, in particular, the Strathmore Plant have been delivered to Valencia.
- (o) Absence of Approvals Required: No authorization, approval, order, license, permit or consent of any Governmental Body and no registration, declaration or filing by the EarthRenew with any such Governmental Body is required to be obtained EarthRenew in order to consummate the transactions contemplated hereunder, to execute and deliver all of the documents and instruments to be delivered by EarthRenew under this Agreement, to duly perform and observe the terms and provisions of this Agreement, or to render this Agreement legal, valid, binding and enforceable.
- (p) Permits and Licences: EarthRenew holds all material authorizations, approvals, orders, licences, permits or consents issued by any Governmental Body that are necessary or desirable in connection with the conduct and operation of its business as currently being conducted and the ownership, leasing or use of its Assets as the same are now owned, leased, used, conducted or operated, and the EarthRenew is not in material breach of or in default under any of the terms or conditions thereof. EarthRenew is not aware of any intention of any Governmental Body to revoke, rescind or terminate any such authorizations, approvals, orders, licenses, permits or consents.
- (q) Filings: EarthRenew:
 - (i) has duly filed in a timely manner all income tax returns and election forms in all jurisdictions where such tax returns or election forms are required to be filed and to the best of EarthRenew's knowledge all such returns and forms have been completed accurately and correctly in all material respects; and

- (ii) has paid all taxes and all interest and penalties thereon for all previous years and all required quarterly instalments due for the current fiscal year have been paid;

and there is no agreement, waiver or other arrangement providing for an extension of time with respect to the filing of any tax return, or payment of any tax, governmental charge or deficiency, nor is there any action, suit, litigation, arbitration, proceeding, governmental proceeding, investigation or claim, including appeals and applications for review, in progress, or to the best of EarthRenew's knowledge, threatened or pending against or in relation to the EarthRenew or any of its Assets in respect of, or discussions underway with any governmental authority relating to, any such tax or governmental charge or deficiency.

- (r) Absence of Contingent Tax Liabilities Except as disclosed in Schedule B, there are no contingent tax liabilities against EarthRenew nor to the best of EarthRenew's knowledge, any grounds that could prompt a reassessment.
- (s) Condition of Assets: All machinery, facilities, equipment and other Assets in connection with the business of the EarthRenew are owned by the EarthRenew or used by it under valid and subsisting leases, licences, operating agreements or other arrangements; and all Assets are in good working order subject to standard wear and tear.
- (t) Indebtedness to EarthRenew: Except as set forth in Schedule B hereto, EarthRenew is not indebted to EarthRenew or any directors, officers, consultants or employees of EarthRenew or any affiliate or associate of any of them, on any account whatsoever.
- (u) Employment Agreements.
 - (i) EarthRenew is not a party to any written or oral policy, agreement, obligation or understanding providing for severance or termination payments to, or any employment or consulting agreement with, any director or officer of EarthRenew that cannot be terminated with payment of no more than one times such individual's monthly salary, recognizing that a court of competent jurisdiction in an action for wrongful dismissal or otherwise has the authority to award damages in an amount greater than one times an individual's monthly salary;
 - (ii) There are no employees or consultants whose employment or contract with the EarthRenew cannot be terminated with delivery of less than one months' notice;
 - (iii) EarthRenew is not: (a) to the best of EarthRenew's knowledge, subject to any application for certification or threatened or apparent union organizing campaigns for employees not covered under a collective bargaining agreement, or (b) subject to any current, or to the best of EarthRenew's knowledge, pending or threatened strike or lockout;

- (iv) There is no change of control payment that is triggered by this transaction, and there are no severance payments or termination payments that EarthRenew is obligated to pay, including without limitation, to any consultants, directors, officers, employees or agents;
 - (v) EarthRenew is not subject to any claim for wrongful dismissal, constructive dismissal or any tort claim, actual or, to the best of EarthRenew's knowledge, pending or threatened, or any litigation, actual or, to the best of EarthRenew's knowledge, pending or threatened, relating to employment or termination of employment of employees or independent contractors; and
 - (vi) EarthRenew has operated in all material respects in accordance with all applicable law with respect to employment and labour, including, but not limited to, employment and labour standards, occupational health and safety, employment equity, pay equity, workers' compensation, human rights and labour relations and there are no current, or, to the best of EarthRenew's knowledge, pending or threatened, material proceedings before any board or tribunal with respect to any of the above.
- (v) Litigation: There is no suit, action, litigation, investigation, claim, complaint or proceeding before any governmental authority in progress or pending or, to the best of EarthRenew's knowledge, threatened against or relating to it, its assets that, if determined adversely, would prevent it from fulfilling all of its obligations set out in this Agreement or arising from this Agreement or that would be expected to have a materially adverse effect upon EarthRenew, their respective financial condition, results of operations or business prospects, and, to the best of EarthRenew's knowledge, there are no existing grounds on which any such action, suit, litigation or proceeding might be commenced with any likelihood of success.
- (w) Due Diligence: All information provided to Valencia in relation to Valencia's due diligence of the EarthRenew, is, to the best of EarthRenew's knowledge, true and correct in all material respects and does not contain any material omissions as at the respective date as stated therein and has not been amended except as provided to Valencia.
- (x) Anti-Corruption. EarthRenew has not, and none of its respective directors, officers, agents, consultants, employees or any other Person acting on its behalf has, in connection with the operation of its respective business, used any corporate or other funds for unlawful contributions, payments, gifts or entertainment, or made any unlawful expenditures relating to political activity to government officials, candidates or members of political parties or organizations, or established or maintained any unlawful or unrecorded funds in violation in any material respect of the *Corruption of Foreign Public Officials Act* (Canada) or any other similar applicable law.

4.2 **Survival:** The representations and warranties of EarthRenew hereunder shall survive the Closing for a period of 24 months, notwithstanding the waiver of any condition by the other parties.

4.3 **Reliance:** EarthRenew acknowledges and agrees that the other parties have entered into this Agreement relying on the warranties and representations and other terms and conditions of this Agreement notwithstanding any independent searches or investigations that have been or may be undertaken by or on behalf of the other parties. The other parties acknowledge that they have had the opportunity to conduct due diligence and investigations with respect to the EarthRenew and in no event shall EarthRenew have any liability to the other parties with respect to a breach of representation, warranty or covenant under this Agreement to the extent that such other party knew of such breach as of the Closing Date.

ARTICLE 5 INTERIM COVENANTS

5.1 From the date of this Agreement until the earlier of (i) the Closing Date, and (ii) the termination of this Agreement in accordance with Article 12, the parties will use their best commercial efforts to complete the Transaction and take the following steps in furtherance thereof within the following time periods:

- (a) Valencia shall set the record and meeting dates for a meeting of the shareholders of Valencia, which meeting shall occur no later than May 31, 2018;
- (b) EarthRenew shall set the record and meeting dates for a meeting of the shareholders of EarthRenew, which meeting shall occur no later than May 31, 2018;
- (c) Valencia shall prepare and mail an information circular, in a form mutually acceptable to the parties acting reasonably, to Valencia shareholders seeking approval of the Transaction, such mailing to occur on or before May 1, 2018;
- (d) EarthRenew shall prepare and mail an information circular, in a form mutually acceptable to the parties acting reasonably, to EarthRenew shareholders seeking approval of the Transaction, such mailing to occur on or before May 1, 2018;
- (e) Valencia shall recommend that its shareholders vote in favour of the Transaction;
- (f) EarthRenew shall recommend that its shareholders vote in favour of the Transaction;
- (g) the parties shall obtain the requisite regulatory conditional approvals, including but not limited to Valencia obtaining the conditional approval of the TSXV with respect to the Transaction; and
- (h) closing of the Transaction will occur on or before June 30, 2018.

ARTICLE 6 CLOSING

6.1 **Closing Date and Location:** The transactions contemplated by this Agreement shall be completed in person or by electronic delivery at 5:00 P.M. (Toronto time) on the Closing Date, or at such other time or at such other location as may be mutually agreed upon in writing by the parties.

ARTICLE 7 CONDITIONS

7.1 **Mutual Conditions:** The respective obligations of the parties hereto to consummate the transactions contemplated hereunder are subject to the satisfaction, on or prior to the Closing Date, of the following conditions, any of which may be waived only by the mutual consent of the parties without prejudice to their rights to rely on any other or others of such conditions:

- (a) the receipt of all necessary prior regulatory approvals, specifically TSXV approval with respect to the Transaction;
- (b) Valencia having received the approval of its shareholders;
- (c) EarthRenew having received the approval of its shareholders; and
- (d) no injunction or restraining order of any court or administrative tribunal of competent jurisdiction shall be in effect prohibiting the transactions contemplated by this Agreement and no action or proceeding shall have been instituted or be pending before any court or administrative tribunal to restrain or prohibit the transactions between the parties contemplated by this Agreement.

7.2 **Valencia's Conditions:** The obligations of Valencia to complete the transactions contemplated hereunder shall be subject to the satisfaction of, or compliance with, at or before the Closing Time, each of the following conditions precedent:

- (a) Initial Deliveries: EarthRenew will have delivered:
 - (i) concurrent with the execution of this Agreement and as at Closing, certificates of good standing or equivalent for EarthRenew, duly issued by the authorized government corporate registry in the applicable jurisdiction of incorporation dated no later than two days prior to Closing;
 - (ii) such due diligence materials including, but not limited to, the minute books of EarthRenew, such as directors resolutions, shareholder ledgers and shareholder registers and such other documents as the Valencia's counsel may request, acting reasonably;
 - (iii) audited financial statements of EarthRenew for the most recently completed financial year, and any other interim financial statements of EarthRenew requested by the TSXV; and

- (iv) such other documents as may be required by Valencia, acting reasonably;
- (b) Truth and Accuracy of Representations: The representations and warranties of the EarthRenew made under this Agreement shall be true and correct at the Closing Time and with the same effect as if made at and as of the Closing Time;
- (c) Performance of Obligations: EarthRenew shall have performed and complied with all the obligations and covenants contained in this Agreement to be performed and complied with by it, other than those conditions which are waived by Valencia;
- (d) Absence of Material Adverse Change: There will have been no material adverse changes, adverse change of material fact or any development that could reasonably result in an adverse material impact on the business, financial results, operations or affairs of EarthRenew; and
- (e) Absence of Change of Conditions: No event shall have occurred or condition or situation shall have arisen or legislation (whether by statute, rule, regulation, by-law or otherwise) shall have been introduced that might reasonably be expected to have a materially adverse effect upon EarthRenew or the financial condition, results of operations or business prospects of EarthRenew.
- (f) Closing Documentation: Valencia shall have received the following closing documentation:
 - (i) certificates of good standing (or equivalent) for EarthRenew duly issued by the Registrar of Companies (Ontario) on the Closing Date dated no later than two days prior to Closing;
 - (ii) a certified copy of a resolution of the directors of EarthRenew approving the transactions contemplated hereunder and authorizing the execution of this Agreement;
 - (iii) share certificates representing the outstanding shares of Amalco;
 - (iv) all other necessary consents waivers, and authorizations required approve the Amalgamation as provided for in this Agreement;
 - (v) executed resignations effective as of the Closing Date of all the directors and officers of EarthRenew;
 - (vi) executed releases effective as at the Closing Date in favour of Valencia and EarthRenew from the resigning directors and officers of EarthRenew; and
 - (vii) such other documents as may be required by Valencia, acting reasonably;
 - (viii) certificates of good standing (or equivalent) for EarthRenew; and

- (ix) a certified copy of a resolution of the directors of EarthRenew approving the transactions contemplated hereunder and authorizing the execution of this Agreement and the transactions contemplated herein.
- (g) Absence of Additional Liabilities: EarthRenew will not have incurred any liabilities other than those which are:
 - (i) described in Schedule “B”;
 - (ii) reasonably incurred in the ordinary course of business; or
 - (iii) incurred with the consent of Valencia.
- (h) a qualified corporate opinion of EarthRenew’s solicitors or other documentation, satisfactory to Valencia, acting reasonably, confirming, among other things, the status of the Shareholders of EarthRenew’s title and ownership of the shares of EarthRenew; (the “**Corporate Opinion**”);
 - (i) confirmation that the commercial and general insurance of EarthRenew will be transferred or otherwise continue in place to cover the EarthRenew and its activities following Closing at the sole cost of EarthRenew or Valencia;

7.3 **Waiver/Survival**: The conditions set forth in Section 7.2 are for the exclusive benefit of Valencia and may be waived by Valencia in writing in whole or in part on or before the Closing Date. Notwithstanding any such waiver, the completion of the Amalgamation contemplated by this Agreement by Valencia shall not prejudice or affect in any way the rights of Valencia in respect of the representations and warranties of EarthRenew in this Agreement.

7.4 **EarthRenew’s Conditions**: The obligations of EarthRenew to complete the transactions contemplated hereunder shall be subject to the satisfaction of, or compliance with, at or before the Closing Time, each of the following conditions precedent:

- (a) Truth and Accuracy of Valencia Representations at Closing: The representations and warranties of Valencia made hereunder shall be true and correct at Closing and with the same effect as if made at and as of Closing;
- (b) Performance of Obligations: Valencia shall have performed and complied with all the obligations and covenants contained in this Agreement to be performed and complied with by it;
- (c) Absence of Material Adverse Change: There will have been no material adverse changes, adverse change of material fact or any development that could reasonably result in an adverse material impact on the business, financial results, operations or affairs of Valencia;
- (d) Closing Documentation: EarthRenew shall have received from Valencia the following closing documentation:

- (i) a certificate of good standing for Valencia and Valencia Subco duly issued by the Registrar of Companies (Ontario) on the Closing Date dated no later than two days prior to Closing;
- (ii) certificates or other satisfactory evidence of electronic deposit of the Valencia Shares registered in the name of EarthRenew shareholders as directed by EarthRenew in writing;
- (iii) a certified copy of a resolution of the directors of Valencia approving the transactions contemplated hereunder and authorizing the execution of this Agreement;
- (iv) a certified copy of the resolutions of the shareholders of Valencia approving the Transaction, if required; and
- (v) such other documents as may be required by the EarthRenew, acting reasonably.

7.5 **Waiver/Survival:** The conditions set forth in Section 7.4 are for the exclusive benefit of EarthRenew and may be waived by it in writing in whole or in part on or before the Closing Date. Notwithstanding any such waiver, completion of the Amalgamation contemplated by this Agreement by EarthRenew shall not prejudice or affect in any way the rights of EarthRenew in respect of the warranties and representations of Valencia set forth in this Agreement.

ARTICLE 8 CONDUCT OF BUSINESS PRIOR TO CLOSING

8.1 **EarthRenew Conduct:** Except as otherwise contemplated or permitted by this Agreement, during the period from the date of this Agreement to the Closing Time, EarthRenew shall and/or shall cause the EarthRenew, as applicable, to do the following:

- (a) Conduct Business in Ordinary and Usual Course: Conduct the EarthRenew business in the ordinary and usual course thereof and not, without the prior written consent of Valencia, enter into any transaction which would constitute a breach of any of their respective representations, warranties or agreements contained herein. Without limiting the generality of the foregoing:
 - (i) EarthRenew will cause EarthRenew to not, without Valencia 's prior consent, acting reasonably, dispose, option, encumber or transfer rights to any assets with a value exceeding US\$15,000 or an aggregate of US\$40,000;
 - (ii) EarthRenew will cause EarthRenew to not, without Valencia 's prior consent, acting reasonably, terminate, amend, vary or entering into any Material Agreements other than with respect to the Private Placement;
 - (iii) EarthRenew will cause EarthRenew to not, without Valencia 's prior consent, grant any bonuses, benefits or other forms of direct or indirect

compensation or approve any change of control or other termination benefits to any employee, officer, director or consultant of EarthRenew;

- (iv) EarthRenew will cause EarthRenew to not, without Valencia 's prior consent, issue any equity securities, from treasury or otherwise, or options, warrants, rights or convertible securities other than with respect to the Private Placement;
 - (v) EarthRenew will cause EarthRenew to not, without Valencia 's prior consent, pay any dividends, redeem any securities, or otherwise cause assets to be distributed;
 - (vi) EarthRenew will cause EarthRenew to not, without Valencia 's prior consent, acting reasonably, terminate any employees that Valencia has indicated that it desires to retain subsequent to the closing of the Transaction; and
 - (vii) EarthRenew will cause the EarthRenew to not, without Valencia 's prior consent, borrow any funds, under existing credit lines or otherwise, except as specifically contemplated in this Agreement;
- (b) Perform Obligations: EarthRenew will cause the EarthRenew to comply, in all material respects, with all laws affecting the operation of their respective business and pay all required taxes;
 - (c) Pay Liabilities: EarthRenew will cause the EarthRenew to pay and discharge all of their respective liabilities or obligations in the ordinary and usual course of business consistent with past business practice, except for such liabilities or obligations as may be contested by each of them in good faith;
 - (d) No Breach: Not take any action or omit to take any action which would, or would reasonably be expected to, result in a breach of or render untrue any of EarthRenew's representations, warranties, covenants, or other obligations contained herein;
 - (e) Preserve Business: Preserve intact the EarthRenew's business and the Assets, and promote and preserve for Valencia the goodwill of consultants, suppliers, and others having business relations with the EarthRenew and the Assets; and
 - (f) Discharge of Intercompany Debts: Forgive, waive and discharge any and all intercompany debts, advances and liabilities owing by the EarthRenew to EarthRenew, and all of EarthRenew's rights with respect to such intercompany liability.

8.2 **Valencia Conduct**: Except as otherwise contemplated or permitted by this Agreement, during the period from the date of this Agreement to the Closing Time, Valencia shall do the following:

- (a) Conduct Business in Ordinary and Usual Course: Conduct the Valencia business in the ordinary and usual course thereof and not, without the prior written consent of EarthRenew, enter into any transaction which would constitute a breach of any of their respective representations, warranties or agreements contained herein. Without limiting the generality of the foregoing:
- (i) Valencia will not, without EarthRenew's prior consent, acting reasonably, dispose, option, encumber or transfer rights to any assets with a value exceeding US\$25,000 or an aggregate of US\$50,000;
 - (ii) Valencia will not, without EarthRenew's prior consent, acting reasonably, terminate, amend, vary or enter into any material agreements of which it is a party;
 - (iii) Valencia will not, without EarthRenew's prior consent, grant any bonuses, benefits or other forms of direct or indirect compensation or approve any change of control or other termination benefits to any employee, officer, director or consultant of Valencia;
 - (iv) Valencia will not, without EarthRenew's prior consent, other than any private placement financing related to the Transaction, issue any equity securities, from treasury or otherwise, or options, warrants, rights or convertible securities;
 - (v) Valencia will not, without EarthRenew's prior consent, pay any dividends, redeem any securities, or otherwise cause assets to be distributed; and
 - (vi) Valencia will not, without EarthRenew's prior consent, borrow any funds, under existing credit lines or otherwise, except as specifically contemplated in this Agreement.

8.3 **Post-Closing Period:** Promptly after the Closing, Valencia shall make, or cause to be made, all filings, and shall pay all fees, required to be given or made to the TSXV in order to obtain final approval of the TSXV for the transactions contemplated by this Agreement, including the issuance and listing of the Valencia Shares to be issued and delivered to EarthRenew pursuant to Section 2.2. Valencia shall promptly advise EarthRenew if final approval of the TSXV is not granted for any reason whatsoever.

ARTICLE 9 INDEMNITIES

9.1 **General Indemnification by Valencia:** Valencia agrees to indemnify and hold harmless EarthRenew from and against any Loss suffered or incurred by EarthRenew in connection with (i) any incorrectness in or breach of any representation or warranty of Valencia, or (ii) any breach or non-performance by Valencia of any covenant to be performed by it, in either case, contained herein or any other agreement or instrument delivered by it as contemplated hereunder.

ARTICLE 10 CONFIDENTIALITY

10.1 **No Disclosure:** No disclosure or announcement, public or otherwise, in respect of this Agreement or the transactions contemplated hereby will be made by either party or any of its representatives without the prior approval of the other party as to timing, content and method, provided that the provisions of this paragraph will not prevent any party from making, after consultation with the other party, such disclosure as its counsel advises is required by applicable law or the rules and policies of the TSXV.

10.2 **Hold Information in Confidence:** Unless and until the transactions contemplated in this Agreement have been completed, or until the termination of this Agreement, except with the prior written consent of the other party, each of the parties and their respective representatives will hold all information received from the other party in the strictest confidence, except such information and documents as are available to the public or as are required to be disclosed by applicable law or regulation.

ARTICLE 11 TERMINATION

11.1 **Termination:** Notwithstanding any other provision in this Agreement, this Agreement may be terminated at any time prior to the Closing Date as follows:

- (a) by mutual written agreement by the parties;
- (b) By EarthRenew if:
 - (i) the shareholders of Valencia have not approved the Transaction on or before June 15, 2018;
 - (ii) Valencia has not received the requisite TSXV approvals with respect to the Transaction on or before June 15, 2018;
 - (iii) Valencia materially breaches any of its representations or warranties or fails to comply with any covenants contained herein, and such default is not remedied within five Business Days of written notice provided to Valencia of such default; or
 - (iv) any of the conditions precedent contained herein for the benefit of the EarthRenew, has not been complied with, or waived by EarthRenew.
- (c) by Valencia if:
 - (i) EarthRenew materially breach any of its representations or warranties or fails to comply with any covenants contained herein, and such default is not remedied within five Business Days of written notice provided of such default; or

- (ii) any of the conditions precedent contained herein for the benefit of Valencia have not been complied with, or waived by Valencia.

Any party desiring to terminate this Agreement pursuant to this Section 12.1 shall give written notice of such termination to the other party.

This Agreement shall terminate automatically in the event that the Transaction has not been completed by June 30, 2018, unless such date has been extended by mutual agreement of the parties in writing (the “**Outside Date**”).

11.2 **Post-Termination Obligations:** Upon the termination of this Agreement, the parties shall be released from their obligations hereunder other than as expressly contemplated hereby, excepting those under Article 11, and Section 13.1, provided that nothing herein shall relieve a party from liability arising prior to such termination.

ARTICLE 12 DISPUTE RESOLUTION

12.1 **Disputes:** Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof and any claim or request that may be made under any of the provisions of the *Business Corporations Act* (Ontario) shall be determined by arbitration in Toronto before one arbitrator. The parties agree that the arbitrator has the jurisdiction to make any interim or final awards that may be made by a judge of the Ontario Superior Court of Justice. The arbitration shall be conducted in Toronto in accordance with the *Arbitration Act, 1991* (Ontario). The arbitrator's decision will be final and binding on the parties, enforceable in any court of competent jurisdiction, and will not be subject to appeal, except in the circumstances in which a party to an arbitration could appeal to a court under the *Arbitration Act, 1991* (Ontario).

ARTICLE 13 GENERAL

13.1 **Expenses:** All costs and expenses incurred in connection with the preparation of this Agreement and the transactions contemplated by this Agreement shall be paid by the party incurring such expenses.

13.2 **Time:** Time shall be of the essence hereof.

13.3 **Notices:** Any notice or other writing required or permitted to be given hereunder or for the purposes hereof shall be sufficiently given if delivered, telecopied or electronically transmitted to the party to whom it is given or, if mailed, by prepaid registered mail addressed to such party as set out on the first page of this Agreement, or at such other address as the party to whom such writing is to be given shall have last notified to the party giving the same in the manner provided in this clause. Any notice mailed shall be deemed to have been given and received on the fifth Business Day next following the date of its mailing unless at the time of mailing or within five Business Days thereafter there occurs a postal interruption which could have the effect of delaying the mail in the ordinary and usual course, in which case any notice shall only be effectively given if actually delivered or sent

by telecopy or electronic transmittal. Any notice delivered, telecopied or electronically transmitted to the party to whom it is addressed shall be deemed to have been given and received on the Business Day next following the day it was delivered, telecopied or electronically transmitted.

13.4 **Governing Law:** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and save and except for matters that are subject to binding decision by an expert as contemplated under Article 13 herein the parties submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

13.5 **Assignment:** The rights of the parties hereunder may not be assigned by any party without the prior written consent of the other party.

13.6 **Severability:** If a court or other tribunal of competent jurisdiction determines that any one or more of the provisions contained in this Agreement is invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless in either case as a result of such determination this Agreement would fail in its essential purpose.

13.7 **Further Assurances:** The parties shall with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated hereunder, and each party shall provide such further documents or instruments required by the other party as may be reasonably necessary or desirable to give effect to the purpose of this Agreement and carry out its provisions whether before or after the Closing Date.

13.8 **Enurement:** This Agreement and each of the terms and provisions hereof shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

13.9 **Amendments and Waiver:** No modification of or amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties and no waiver of any breach of any term or provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same, and unless otherwise provided, will be limited to the specific breach waived.

13.10 **Entire Agreement:** This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, oral or written, by and between any of the parties with respect to the subject matter hereof.

13.11 **Counterparts:** This Agreement may be executed in as many counterparts as may be necessary or by facsimile or electronic transmission and each such counterpart agreement or facsimile so executed shall be deemed to be an original and such counterparts and facsimile copies or copies of electronic transmissions together shall constitute one and the same instrument.

[signature pages follow]

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

VALENCIA VENTURES INC.

Per: <signed> Damian Lopez
Authorized Signatory
Name: *Damian Lopez*
Title: *President and Chief Executive Officer*

2608487 ONTARIO INC.

Per: <signed> Damian Lopez
Authorized Signatory
Name: *Damian Lopez*
Title: *President and Chief Executive Officer*

2292055 ONTARIO INC.

Per: <signed> Keith Driver
Authorized Signatory
Name: *Keith Driver*
Title: *Chief Executive Officer*

SCHEDULE A
TO THE AMALGAMATION AGREEMENT DATED DECEMBER 1, 2017

Issued and Outstanding Stock Options of EarthRenew

1. EarthRenew has 4,000,000 stock options issued and outstanding exercisable at \$0.25 at any time prior to July 18, 2021.

**SCHEDULE B
TO THE AMALGAMATION AGREEMENT DATED DECEMBER 1, 2017**

Liabilities of Valencia

Nil.

Liabilities of EarthRenew

Nil.

**SCHEDULE C
TO THE AMALGAMATION AGREEMENT DATED DECEMBER 1, 2017**

Material Contracts

Valencia

1. Lease agreement between Valencia, 2227929 Ontario Inc. and 1579909 Ontario Limited dated October 1, 2008, as amended on September 12, 2011, August 9, 2013, September 4, 2014, April 17, 2017 and August 31, 2017.

EarthRenew

1. Independent contractor agreement dated November 10, 2016 between EarthRenew and Seven Hours Holding Company Inc.
2. Employment agreement dated August 1, 2016 between EarthRenew and William Nylen
3. Offtake agreement dated January 30, 2017 between EarthRenew and AGRI Promotions Canada Ltd.
4. Co-operation agreement dated January 30, 2017 between EarthRenew and AGRI Promotions Canada Ltd.
5. Lease agreement dated January 1, 2012 between EarthRenew and Cattleland Feedyards Ltd.
6. Interconnection agreement for generator interconnection to the electric distribution system dated November 29, 2012 between EarthRenew and FortisAlberta Inc.

**SCHEDULE D
TO THE AMALGAMATION AGREEMENT DATED DECEMBER 1, 2017**

Articles of Amalgamation

Attached.