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**AGREEMENT AND PLAN OF MERGER**

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**BY AND AMONG**

**LATTICE BIOLOGICS INC.**

**AND**

**BLACKSTONE VENTURES INC.**

**AND**

**5288423 DELAWARE INC.**

**December 23, 2015**

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## **AGREEMENT AND PLAN OF MERGER**

**THIS AGREEMENT** is made effective December 23, 2015

**AMONG:**

**LATTICE BIOLOGICS INC.**, a company incorporated under the laws of Delaware and having an office at 16701 N. 90<sup>th</sup> Street, Ste 101, Scottsdale, Arizona 85260

(“**Lattice**”)

**AND:**

**BLACKSTONE VENTURES INC.**, a company incorporated under the laws of British Columbia and having a registered office at Suite 2500 – 700 West Georgia Street, Vancouver, British Columbia V7Y 1B3.

(“**Blackstone**”)

**AND:**

**5288423 DELAWARE INC.**, a company incorporated under the laws of Delaware and having an office at Suite 2500 – 700 West Georgia Street, Vancouver, British Columbia V7Y 1B3

(“**Blackstone Sub**”)

**WHEREAS:**

- A. The board of directors of each of Lattice and Blackstone believe it is in the best interests of each corporation and its respective stockholders that Blackstone acquire Lattice through the statutory merger of Lattice, with and into Blackstone’s wholly owned subsidiary, the Blackstone Sub (the “**Merger**”), with the Blackstone Sub being the surviving corporation, and, in furtherance thereof, have approved the Merger;
- B. Pursuant to the Merger and this Agreement, all of the issued and outstanding Lattice Shares will be converted into the right to receive the consideration set forth herein; and
- C. The Parties wish to carry out, among other things, the Merger, in accordance with the terms and conditions set forth in this Agreement.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that, in consideration of the covenants and agreements herein contained, the Parties hereto do covenant and agree each with the other as follows:

## 1. INTERPRETATION

### 1.1 Defined Terms.

The following terms have the following meanings in this Agreement:

- (a) “**Accredited Investor**” mean a person that is an “accredited investor” as defined in Regulation D under the *U.S. Securities Act of 1933*, as amended;
- (b) “**Accredited Investor Certificate**” means the certificate in the form set out in Schedule “A-4” of this Agreement to be delivered to each Lattice Stockholder, pursuant to which such Lattice Stockholder certifies to Blackstone whether it is an Accredited Investor
- (c) “**Agreement**” means this Agreement and Plan of Merger;
- (d) “**Applicable Laws**” means all applicable rules, laws, policies, statutes, constitution, notices, orders and legislation of any kind whatsoever of any Governmental Authority or stock exchange (including the TSX-V) having jurisdiction over the transactions contemplated hereby or the Parties;
- (e) “**Asset Purchase Agreement**” means the asset purchase agreement dated August 30, 2013 between Lattice and IB;
- (f) “**ATSF**” means American Tissue Services Foundation;
- (g) “**ATSF Lease**” means the assignment of lease effective November 1, 2013 between ATSF and Lattice pursuant to which Lattice was assigned that certain lease dated July 3, 2013 pursuant to which NP, leases 16701 North 90<sup>th</sup> Street, Suite B-100, Scottsdale, AZ 85260 from ATSF;
- (h) “**BCBCA**” means the *Business Corporations Act* (British Columbia) as amended from time to time;
- (i) “**Bibby**” means Bibby Financial Services (CA) Inc.;
- (j) “**Blackstone**” means Blackstone Ventures Inc.;
- (k) “**Blackstone Board**” means the board of directors of Blackstone as the same is constituted from time to time;
- (l) “**Blackstone Board Reconstitution**” has the meaning set out in Section 4.1 of this Agreement;
- (m) “**Blackstone Debt**” has the meaning set out in Section 6 of this Agreement;
- (n) “**Blackstone Disclosure Documents**” means all forms, reports, documents and information required to be filed by Blackstone, whether pursuant to applicable securities legislation or otherwise, with the applicable securities commissions and on SEDAR at [www.sedar.com](http://www.sedar.com) prior to the date of this Agreement;
- (o) “**Blackstone Financial Statements**” means Blackstone’s audited financial statements for

each of the years ended December 31, 2014, 2013 and 2012 (including the notes thereto) and Blackstone's interim unaudited financial statements for each of the fiscal quarters ending at any time after December 31, 2014, all as contained in the Blackstone Disclosure Documents;

- (p) **“Blackstone Financing”** means the \$1,570,200 private placement to be completed by Blackstone at \$0.30 per Blackstone Financing Subscription Receipt;
- (q) **“Blackstone Financing Finder’s Fee”** means the finder’s fee (comprised of an aggregate of \$54,759 cash payment and 182,530 Blackstone Finder’s Warrants) payable in connection with the Blackstone Financing to certain finders;
- (r) **“Blackstone Financing Subscription Receipts”** means the subscription receipts of Blackstone issued pursuant to the Blackstone Financing, each convertible into Blackstone Units automatically, with no further action on the part of the holder immediately prior to the Effective Time;
- (s) **“Blackstone Financing Warrants”** means warrants to purchase Blackstone Post-Consolidated Shares at a price of \$0.60 per Blackstone Post-Consolidated Share for a period of 12 months after the date of issuance of such warrants, provided that, if at any time after the date that is four months after the issuance of the Blackstone Financing Subscription Receipts pursuant to which such warrants were issued, if the closing price of Blackstone’s Shares on the TSX-V is more than \$0.75 for five consecutive trading days, Blackstone will have the right to accelerate the expiry of the warrants by giving notice, via a news release issued within five Business Days of the fifth day of such five consecutive trading day calculation period, of its exercise of such right and thereafter such warrants will, without further notice or act by Blackstone, automatically expire and be of no further force or effect at 4:00 p.m. (*Vancouver Time*) on the date that is 30 Business Days after the issuance of said news release;
- (t) **“Blackstone Finder’s Warrants”** means common share purchase warrants issued to finders pursuant to the Blackstone Financing Finder’s Fee which entitle holders to purchase one Blackstone Share (pre-Blackstone Share Consolidation) at a price of \$0.10 for a period of 12 months from issuance if such warrants were issued prior to the Blackstone Share Consolidation. If common share purchase warrants are issued to finders pursuant to the Blackstone Financing Finder’s Fee after Blackstone has completed the Blackstone Share Consolidation, then such warrants will entitle the holder to purchase one Blackstone Post-Consolidated Share at a price of \$0.30 for a period of 12 months from issuance of such warrant;
- (u) **“Blackstone Loan Warrants”** means non-transferable common share purchase warrants issuable to Grenville to purchase Blackstone Post-Consolidated Shares at a price of \$0.60 per Blackstone Post-Consolidated Share for a period of 12 months after the date of issuance of such warrant, provided that, if at any time after the date that is four months after the issuance of such warrants, if the closing price of Blackstone’s Shares on the TSX-V is more than \$0.75 for five consecutive trading days, Blackstone will have the right to accelerate the expiry of such warrants by giving notice, via a news release issued within five Business Days of the fifth day of such five consecutive trading day calculation period, of its exercise of such right and thereafter such warrants will, without further notice or act by Blackstone, automatically expire and be of no further force or effect at 4:00 p.m. (*Vancouver Time*) on the date that is 30 Business Days after the

issuance of said news release;

- (v) “**Blackstone Management Reconstitution**” has the meaning set out in Section 4.2 of this Agreement;
- (w) “**Blackstone Non-Voting Restricted Shares**” means non-voting restricted shares of Blackstone;
- (x) “**Blackstone Post-Consolidated Financing Finder’s Warrants**” has the meaning set out in Section 7.2 of this Agreement;
- (y) “**Blackstone Post-Consolidated Shares**” has the meaning set out in Section 7.1 of this Agreement;
- (z) “**Blackstone Share Consolidation**” has the meaning set out in Section 7.1 of this Agreement;
- (aa) “**Blackstone Shareholder Approval**” means the written consent to the Transaction of Blackstone Shareholders holding more than 50% of Blackstone’s issued and outstanding Blackstone Shares;
- (bb) “**Blackstone Shareholder Approval Waiver**” has the meaning set out in Section 9.1 of this Agreement;
- (cc) “**Blackstone Shareholders**” means the registered and/or beneficial holders of Blackstone Shares (or Blackstone Post-Consolidated Shares, as applicable), as the context requires;
- (dd) “**Blackstone Shares**” means the issued and outstanding common shares in the capital of Blackstone;
- (ee) “**Blackstone Sub**” means 5288423 Delaware Inc.;
- (ff) “**Blackstone Sub Board**” means the board of directors of Blackstone Sub as the same is constituted from time to time;
- (gg) “**Blackstone Sub Shareholder Approval**” means the shareholder approval of the Blackstone Sub to the Merger in accordance with Section 2.21 of this Agreement;
- (hh) “**Blackstone Sub Shareholder Resolution**” has the meaning set out in Section 2.21 of this Agreement;
- (ii) “**Blackstone Units**” means one Blackstone Post-Consolidated Share and one-half of one Blackstone Financing Warrant issued upon conversion of each Blackstone Financing Subscription Receipt;
- (jj) “**Blackstone Warrants**” means common share purchase warrants of Blackstone to purchase Blackstone Shares or Blackstone Post-Consolidated Shares (as the context requires, which include the Blackstone Financing Warrants and the Blackstone Finder’s Fee Warrants (or Blackstone Post-Consolidated Finder’s Fee Warrants, as applicable));

- (kk) “**Business Day**” means any day except Saturday, Sunday or a statutory holiday in Vancouver, British Columbia, Canada;
- (ll) “**Certificate of Merger**” will have the meaning set forth in Section 2.4 of this Agreement;
- (mm) “**Closing**” will have the meaning set forth in Section 2.2 of this Agreement;
- (nn) “**Closing Date**” will have the meaning set forth in Section 2.2 of this Agreement;
- (oo) “**Code**” means the *U.S. Internal Revenue Code of 1986*, as amended;
- (pp) “**Confidential Information**” has the meaning set out in Section 19.2 of this Agreement;
- (qq) “**Consulting Agreements**” [Redacted definition of the 10 consulting agreements in place, all of which are dated January 1, 2015.]
- (rr) “**Convertible Notes**” means the 24% convertible notes issued by Lattice to:
  - (i) Catherine A. Thomas, Trustee for the James F. and Arleen M. Russi Family Trust dated January 9, 2015, as amended on August 28, 2015;
  - (ii) Leland L. McCoy dated January 9, 2015, as amended on November 18, 2015;
  - (iii) Chad W. Otten dated January 13, 2015, as amended on October 6, 2015; and
  - (iv) Linda Heylin, Trustee for the Peter and Linda Heylin Revocable Trust January 13, 2015, as amended on October 5, 2015;
- (ss) “**Cook Note**” means the non-negotiable 7<sup>th</sup> amended secured promissory note dated January 26, 2015 issued by Lattice to Guy Cook;
- (tt) “**DGCL**” means *Delaware General Corporation Law*, as amended;
- (uu) “**Drop Dead Date**” means December 31, 2015, which is the date by which the Closing must occur;
- (vv) “**Effective Time**” will have the meaning set forth in in Section 2.4 of this Agreement;
- (ww) “**Employment Agreement**” means each management, employment, severance, retention, transaction bonus, change in control, consulting, relocation, repatriation or expatriation agreement or other contract between: (a) a Party and (b) any current or former officer or other employee, or any individual who is a current or former independent contractor, consultant or director, of such Party, other than any such contract that is terminable “at will” (or following a notice period imposed by applicable law) without any obligation on the part of such Party to make any severance, termination, change in control or similar payment or to provide any benefit;

- (xx) “**Environmental Laws**” means all Applicable Laws currently in effect relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, the use, consumption, handling, transportation, storage or Release of Hazardous Substances;
- (yy) “**ERISA**” shall mean the *U.S. Employee Retirement Income Security Act of 1974*, as amended;
- (zz) “**Escrowed Proceeds**” has the meaning set out in Section 5.1 of this Agreement;
- (aaa) “**Farmer Note**” means the 1<sup>st</sup> amended and restated March 1, 2015 secured promissory note dated November 6, 2015 issued by Lattice to Cheryl Farmer
- (bbb) “**FDA Act**” shall mean the *U.S. Federal Food, Drug, and Cosmetic Act*, as amended;
- (ccc) “**Federal Health Care Program**” means any plan or program that provides health care benefits, whether directly, through insurance, or otherwise, that is funded directly, in whole or in part, by the federal government of Canada, by the government of the United States of America (other than the Federal Employees Health Benefits Program), including the Medicare, Medicaid and TRICARE programs (described in Title XVIII of the Social Security Act, Title XIX of the Social Security Act, and Title 10, Chapter 55 of the United States Code, respectively), or any state health care program (as defined in Section 1128(h) of the Social Security Act);
- (ddd) “**Filing Statement**” means the filing statement of Blackstone prepared and delivered in accordance with Section 9.2 of this Agreement disclosing the Transaction, including all schedules, appendices and exhibits thereto and enclosures therewith, as amended, supplemented or otherwise modified from time to time;
- (eee) “**Financing Proceeds**” has the meaning set out in Section 5.1 of this Agreement;
- (fff) “**Governmental Authority**” means any (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, agency, domestic or foreign (including the TSX-V); (ii) any subdivision, agent, commission, board or authority of any of the foregoing; or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- (ggg) “**Grenville**” means Grenville Strategic Royalty Corp.;
- (hhh) “**Grenville Loan**” has the meaning set out in Section 8 of this Agreement;
- (iii) “**Grenville Note**” means the secured convertible promissory note dated July 31, 2015 evidencing the Grenville Loan issued by Lattice to Grenville;



- (jjj) “**Grenville Note Purchase Agreement**” means the secured note purchase agreement dated July 31, 2015 between Lattice and Grenville;
- (kkk) “**Haywood**” means Haywood Securities Inc.;
- (lll) “**Haywood Agreement**” means the letter agreement between Haywood and Lattice dated May 12, 2015 as amended on May 26, 2015;
- (mmm) “**Haywood Success Fee**” means the success fee of 392,489 Blackstone Post-Consolidated Shares payable to Haywood pursuant to the Haywood Agreement;
- (nnn) “**Hazardous Substance**” means any substance, combination of substances or by-product of any substance which is or may become hazardous, toxic, injurious or dangerous to any person, property, air, land, water, flora, fauna or wildlife; and includes but is not limited to contaminants, pollutants, wastes and dangerous, toxic, deleterious or designated substances as defined in or pursuant to any Environmental Laws;
- (ooo) “**Health Care Laws**” means (a) the FDA Act and the regulations promulgated thereunder, (b) the *Public Health Service Act* (42 U.S.C. §201 et seq.), and the regulations promulgated thereunder, (c) all federal and state fraud and abuse laws, including the federal *Anti-Kickback Statute* (42 U.S.C. §1320a-7b(b)), the civil *False Claims Act* (31 U.S.C. §3729 et seq.), the administrative false claims law (42 U.S.C. §1320a-7b(a)), the anti-inducement law (42 U.S.C. §1320a-7a(a)(5)), the exclusion laws (42 U.S.C. §1320a-7), and the regulations promulgated pursuant to such statutes, (d) all laws and regulations governing the confidentiality of patient information, including the *Health Insurance Portability and Accountability Act of 1996* (42 U.S.C. §§1320d et seq.), as amended by the *Health Information, Technology for Economic and Clinical Health Act of 2009*, the regulations promulgated thereunder and comparable state laws, (e) the *Controlled Substances Act* (21 U.S.C. §801 et seq.), (f) the *Canada Food and Drug Act* and the regulations promulgated thereunder, (g) the *Canada Patent Act* and Patented Medicines Regulations and the guidelines of the Patent Medicines Pricing Review Board, and (h) all applicable laws, rules and regulations, ordinances, judgments, decrees, orders, writs and injunctions administered by the FDA, Health Canada and other Governmental Bodies that regulate the research, design, development, evaluation, testing, studying, manufacturing, processing, storing, importing or exporting, licensing, labeling or packaging, promotion, sale, distributing or marketing, recall and reporting of prescription drugs and biologics (in any stage of development), or related to kickbacks, patient or program charges, recordkeeping, documentation requirements, referrals, the hiring of employees or acquisition of services or supplies from those who have been debarred by the FDA or Health Canada or excluded from Federal Health Care Programs, quality, safety, privacy, security, licensure, or any other aspect of developing health care products and services;
- (ppp) “**IB**” means International Biologics, LLC, (now known as IB AZ Holdings, LLC);
- (qqq) “**IB Note**” means the secured promissory note dated September 20, 2013 issued by Lattice to IB (in connection with the Asset Purchase Agreement) as amended ;
- (rrr) “**Intellectual Property**” has the meaning set out in Section 13.1(dd) of this Agreement.;

- (sss) “**Lattice Acquisition**” means the acquisition of Lattice by Blackstone pursuant to which Blackstone will acquire all of the issued and outstanding Lattice Shares in exchange for the Lattice Consideration by way of the Merger in accordance with this Agreement
- (ttt) “**Lattice Appraisal Shares**” has the meaning set out in Section 2.12 of this Agreement;
- (uuu) “**Lattice Board**” means the board of directors of Lattice as the same is constituted from time to time;
- (vvv) “**Lattice Consents**” has the meaning set out in Section 11.4(b) of this Agreement;
- (www) “**Lattice Consideration**” means the consideration to be received by the Lattice Stockholders pursuant to the Merger as consideration for their Lattice Shares, consisting of Blackstone Post-Consolidated Shares and Blackstone Non-Voting Restricted Shares in accordance with Schedule “A-3” of this Agreement;
- (xxx) “**Lattice Financial Statements**” means the audited consolidated financial statements of Lattice for the year ended December 31, 2014 and the period ended September 30, 2015 (including the notes thereto);
- (yyy) “**Lattice IP**” has the meaning set out in Section 13.1(dd) of this Agreement;
- (zzz) “**Lattice Nominees**” means Guy Cook, Cheryl Farmer, Cathy Thomas and Mario Stifano;
- (aaaa) “**Lattice Post-Closing Consents**” has the meaning set out in Section 11.6 of this Agreement;
- (bbbb) “**Lattice Shares**” means the shares of common stock in the capital of Lattice;
- (cccc) “**Lattice Spreadsheet**” has the meaning set out in Section 2.8(d) of this Agreement;
- (dddd) “**Lattice Stockholders**” means the registered and/or beneficial holders of Lattice Shares, as the context requires;
- (eeee) “**Lattice Stockholder Approval**” means the approval and adoption (in writing) of this Agreement and the Merger by Lattice Stockholders holding (in aggregate) 100% of the outstanding common stock of Lattice in accordance with Section 228 of the DGCL;
- (ffff) “**Lattice Stockholder Resolution**” has the meaning set out in Section 2.16 of this Agreement;
- (gggg) “**Liability**” means any debts, liabilities and obligations whether accrued, absolute or contingent, matured or unmatured or determined or determinable;
- (hhhh) “**LifeShare**” means LifeShare Transplant Services of Oklahoma, Inc.;
- (iiii) “**Life Share Note**” means the second amended and restated promissory note dated May 8, 2015 issued by Lattice to LifeShare;
- (jjjj) “**Loan Agreement**” means the loan agreement between Lattice and Blackstone dated

October 5, 2015 pursuant to which Blackstone advanced \$550,000 to Lattice as an unsecured working capital loan;

(kkkk) “**LOI**” means the non-binding letter of intent between Blackstone and Lattice dated August 3, 2015, as amended;

(llll) “**Material Adverse Change**” means with respect to a Party any event or change that has had or would reasonably be likely to have a materially adverse effect on the Party and for the purposes hereof, “**Material Adverse Effect**” means an effect that reasonably, individually or collectively with another state of facts or effects is materially adverse or may be expected to be materially adverse on the business, operations, results of operations, assets, liabilities or financial condition of the Party and their respective subsidiaries other than any change, effect, event or occurrence: relating to the global economy or securities markets in general; affecting tissue repair industry in general; and which does not have a materially disproportionate effect on the Party;

(mmmm) “**Material Contracts**” when used in connection with a Party, includes an agreement to which such Party is a party: (i) that involves expenditures by or payments to such Party prior to and after the date of this Agreement aggregating in excess of USD\$20,000 in any year; (ii) whose termination could, individually or in the aggregate, reasonably be expected to cause a Material Adverse Change for such Party; (iii) that expressly limits or restricts the ability of such Party or surviving company to compete in, solicit in respect of, or otherwise to conduct, their respective businesses or operations; (iv) that contains any severance, change of control or termination pay or post-employment liabilities or obligations; (v) relates to material indebtedness, to the direct or indirect guarantee or assumption by such Party (contingent or otherwise) of any material payment or material performance obligations of any other Person, other than trade payables incurred in the ordinary course of business; (vi) that is a securityholder agreement, securityholder declaration, voting trust or pooling agreement; (vii) relating to the disposition or acquisition by such Party after the date of this Agreement of a material amount of assets or pursuant to which such Party or any of its subsidiaries has any material ownership interest in any other Person or other business enterprise other than subsidiaries of such Party; (viii) relating to the acquisition or sale by such Party of any operating business or the capital stock or other ownership interest of any other Person and under which such Party has any material continuing Liability; (ix) relating to any indemnification obligation of such Party not entered into in the ordinary course of business; (x) that is a joint venture, partnership agreement or any other contract that is outside the ordinary course of business or not consistent with past practice or is material to the business of such Party; (xi) that a Party would be required to disclose under Section 12 of National Instrument 51-102 if that Party were a reporting issuer in a jurisdiction of Canada; (xii) that does or may require a Party to make a bonus or similar payment in excess of USD\$20,000 to any current or former officer of other employee, or any individual who is a current or former independent contractor, consultant or director, of that Party; that does or may oblige a Party to grant or accelerate the vesting of, or otherwise modify, any stock option, restricted stock, stock appreciation right or other equity interest in a Party; (xiii) any contract identified in Schedule A-12 of this Agreement that provides exclusivity rights to any third party with respect to a distributor, reseller or sales representative; (xiv) that is with a supplier of equipment, consumables, products, reagents, raw materials or any component, or any services used in or with respect to the products of a Party, which the supplier is the only source in the market place or only supplier to the Party; (xv) that a Party (A) is obligated to pay to any other

Person royalties, milestone or other payments with respect to a Party's product, (B) is obligated to provide to any other Person a percentage interest in the sales or revenues of a Party's product, (C) is obligated to pay to any Person any royalties, fees, commissions or other amounts for the use or enforcement of a Party's intellectual property, (D) is obligated to research, develop, distribute, promote or sell any donor tissue, compound, product or service, or (E) is required to have an exclusive relationship with any other Person; that requires a Party to share profits, losses, costs or liabilities with any other Person (excluding indemnification obligations entered into in the ordinary course of business); (xvi) that provides for: (A) reimbursement of any current director or officer of a Party for, or advancement to any current director or officer of a Party of, legal fees or other expenses associated with any legal proceeding or the defense thereof, or (B) indemnification of any current director or officer of a Party; (xvii) that imposes any restriction on the right or ability of a Party: (A) to engage in any line of business, geography or therapeutic area or compete with any other Person, (B) to acquire any product or other asset or any services from any other Person, (C) to develop, sell, supply, distribute, offer, support or service any product or any technology or other asset to or for any other Person anywhere in the world, (D) to perform services for any other Person, or (E) to use, exploit, assert or enforce a Party's intellectual property anywhere in the world, or (F) to transact business with any other Person, in each case which restriction would or would reasonably be expected to materially and adversely affect: (a) the conduct of the business of a Party as currently conducted or as currently is proposed to be conducted, or (b) the design, development, manufacturing, reproduction, marketing, licensing, sale, offer for sale, importation, distribution, performance, display, creation of derivative works with respect to and/or use of a Party's product or provision of any service using a Party's product; that grants to any Person a right of first negotiation, right of first refusal or option to purchase or acquire any material assets; that requires a Party to give any notice or provide any information to any Person prior to responding to or prior to accepting the terms of this Agreement or similar proposal, or prior to entering into any discussions, agreement, arrangement or understanding relating to this Agreement; (xviii) that relates to the lease or sublease of a Party's property or of any real property owned by that Party; (xix) or that: (A) involved the payment or delivery of cash or other consideration in an amount or having a value in excess of US\$20,000 in or after the fiscal year ending December 31, 2014 (B) requires by its terms the payment or delivery of cash or other consideration in an amount or having a value in excess of US\$20,000 in or after the fiscal year ending December 31, 2014, (C) involves the performance of services having a value in excess of US\$20,000 in or after the fiscal year ended December 31, 2014, (D) requires by its terms the performance of services having a value in excess of US\$20,000 in the fiscal year ending December 31, 2014 or the following fiscal years, (E) in which a Party has agreed to supply that Party's product at a specified price or on specified terms or has granted development rights, "most favored nation" pricing provisions or marketing or distribution rights relating to that Party's product, (F) in which a Party has agreed to purchase a minimum quantity of goods or has agreed to purchase goods exclusively from a certain party, (G) is material to a Party and relates to that Party's product (including any raw materials) or any ongoing clinical trial, or (H) relates to the lease by a Party of material tangible personal property;

(nnnn) "**Merger**" has the meaning as set out in the recitals to this Agreement;

(oooo) "**Merger Filings**" means the filings that are required under the DGCL to be made with the Delaware Secretary of State in order for the Merger to be effective;

- (pppp) “**Merger Stockholder**” has the meaning set out in Section 2.11(c);
- (qqqq) “**MPSA**” Master Purchase and Sale Agreement dated April 17, 2015 between Bibby and Lattice Biologics Inc., as amended;
- (rrrr) “**Name Change**” means the change of name of Blackstone to “Lattice Biologics Ltd.”;
- (ssss) “**Now CFO Settlement Letter**” means the settlement letter between Lattice and Now CFO Phoenix, LLC dated October 19, 2015;
- (tttt) “**NP**” means NP Note 8, LLC;
- (uuuu) “**NP Lease**” means the assignment of lease dated September, 2013 between IB and Lattice pursuant to which Lattice was assigned that certain lease dated August 31, 2006, as amended on April 18, 2012 pursuant to which IB, leases 16701 North 90<sup>th</sup> Street, Suite 200, Scottsdale, AZ 85260 from NP;
- (vvvv) “**Parties**” means each of Lattice, Blackstone and the Blackstone Sub and “**Party**” means any one of them, as applicable;
- (wwww) “**Person**” means a natural person, partnership, limited partnership, limited liability partnership, corporation, limited liability corporation, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Authority;
- (xxxx) “**Redwood**” means Redwood Fund L.P.;
- (yyyy) “**Redwood Note**” means the secured promissory note dated June 26, 2015 issued by Lattice to Redwood;
- (zzzz) “**Registrar**” means the individual appointed as the Registrar of Companies under the BCBCA;
- (aaaa) “**Regulatory Approvals**” means all third party approvals required to be obtained in connection with the Transaction prior to the Effective Time;
- (bbbb) “**Release**” includes abandon, add, deposit, discharge, disperse, dispose, dump, emit, empty, escape, leach, leak, migrate, pour, pump, release or spill;
- (ccccc) “**Resulting Issuer**” has the meaning set out in Section 3 of this Agreement;
- (dddd) “**Royalty Purchase Agreement**” means the royalty purchase agreement between Lattice and Grenville dated September 12, 2014, as amended and restated by the amended and restated royalty purchase agreement between Lattice and Grenville dated July 31, 2015;

- (eeee) **“Security Interest”** includes a mortgage, debenture, charge, encumbrance, lien, pledge, assignment or deposit by way of security, bill of sale, lease, hypothecation, hire purchase, credit sale, agreement for sale on deferred terms, caveat, claim, covenant, interest or power in or over an interest in an asset and any agreement or commitment to give or create any such security interest or preferential ranking to a creditor including set off;
- (ffff) **“SEDAR”** means the System for Electronic Document Analysis and Retrieval;
- (ggggg) **“Sponsor”** has the meaning set out in Section 9.1 of this Agreement;
- (hhhhh) **“Sponsorship Agreement”** means the sponsorship agreement between Blackstone, Haywood and Lattice dated December 23, 2015;
- (iiii) **“Sponsor Report”** has the meaning set out in Section 9.1 of this Agreement;
- (jjjj) **“Surviving Company”** has the meaning as set out in Section 2.1 of this Agreement;
- (kkkkk) **“Tax Authority”** will mean the Internal Revenue Service (in the case of Lattice and the Blackstone Sub), the Canada Revenue Agency (in the case of Blackstone) and any other domestic (whether state, provincial or local) or foreign Governmental Authority responsible for the administration or collection of any Taxes;
- (lllll) **“Taxes”** will mean all taxes, charges, fees, levies or other similar assessments or liabilities, including income, gross receipts, ad valorem, premium, value-added, excise, real property, personal property, sales, use, transfer, withholding, employment, unemployment, insurance, social security, business license, business organization, environmental, workers compensation, payroll, profits, license, lease, service, service use, severance, stamp, occupation, windfall profits, customs, duties, franchise and other taxes imposed by the United States of America, Canada or any state, provincial, local or foreign government, or any agency thereof, or other political subdivision of the United States or any such government, and any interest, fines, penalties, assessments or additions to tax (including interest on any such interest, fines, penalties, assessments or additions) resulting from, attributable to or incurred in connection with any tax or any contest or dispute thereof;
- (mmmmm) **“Tax Returns”** will mean all reports, returns, declarations, statements or other information required to be supplied to a Tax Authority in connection with Taxes;
- (nnnnn) **“Transaction”** means the transaction between Lattice, Blackstone and the Blackstone Sub which includes the Lattice Acquisition (which includes the Merger), the Blackstone Board Reconstitution, the Blackstone Management Reconstitution, the Blackstone Financing, the Blackstone Financing Finder’s Fee, the Blackstone Share Consolidation, the Name Change, the issuance of the Blackstone Loan Warrants, the conversion of the Blackstone Debt Settlement Subscription Receipts into Blackstone Shares and any other transactions contemplated by this Agreement;
- (oooo) **“TSX-V”** means the TSX Venture Exchange;
- (ppppp) **“TSX-V Approval”** means all necessary approvals of the TSX-V, including for the Transaction and the Filing Statement, subject only to the filing of documents within the times established by the TSX-V;

(qqqqq) “**TSX-V Escrow Agreement**” means any escrow agreement required by TSX-V Policies to be executed by any Lattice Stockholder, Blackstone Shareholder or other Person who will be a shareholder of Blackstone at the Effective Time; and

(rrrrr) “**TSX-V Policies**” has the meanings set out in Section 9.1 of this Agreement.

## 1.2 Schedules.

The following schedules attached hereto constitute a part of this Agreement:

Schedule “A-1” – Lattice – *Capital Structure as at the date of this Agreement*;  
 Schedule “A-2” – Lattice – *Capital Structure Immediately Prior to Closing*;  
 Schedule “A-3” – Lattice – *Lattice Consideration*;  
 Schedule “A-4” – Lattice – *Accredited Investor Certificate*;  
 Schedule “A-5-1” – Lattice – *Lattice Consents*  
 Schedule “A-5-2” – Lattice – *Lattice Post Closing Consents*;  
 Schedule “A-6” – Lattice – *Conflicts*;  
 Schedule “A-7” – Lattice – *Liabilities*;  
 Schedule “A-8” – Lattice – *Security Interests*;  
 Schedule “A-9” – Lattice – *Leases*;  
 Schedule “A-10” – Lattice – *Litigation*;  
 Schedule “A-11” – Lattice – *Employment Agreements*;  
 Schedule “A-12” – Lattice – *Material Contracts*;  
 Schedule “A-13” – Lattice – *Intellectual Property*;  
 Schedule “A-14” – Lattice – *Licenses and Permits*;  
 Schedule “B-1” – Blackstone – *Capital Structure as at the date of this Agreement*;  
 Schedule “B-2” – Blackstone – *Capital Structure Immediately Prior to Closing*;  
 Schedule “B-3” – Blackstone – *Liabilities*;  
 Schedule “B-4” – Blackstone – *Material Contracts*;  
 Schedule “C-1” – Resulting Issuer – *Capital Structure Immediately Following Closing*; and  
 Schedule “C-2” – Resulting Issuer – *Organizational Structure Following Closing*.

## 1.3 Headings.

The headings in this Agreement are for reference only and do not constitute terms of the Agreement.

## 1.4 Interpretation.

Unless the context of this Agreement otherwise requires, to the extent necessary so that each clause will be given the most reasonable interpretation, the singular number will include the plural and vice versa, the verb will be construed as agreeing with the word so substituted, words importing the masculine gender will include the feminine and neuter genders, words importing persons will include firms and corporations and words importing firms and corporations will include individuals.

## 1.5 Currency.

Unless otherwise stated, all references to money in this Agreement will be deemed to be references to the currency of Canada.

## 1.6 Knowledge.

Whenever in this Agreement a representation and warranty is qualified by the statement “to the best knowledge” of a Party or any similar statement, that statement will mean to the best knowledge of the Party’s directors and officers after having made due and reasonable enquiries and investigations.

## 1.7 Statutory References.

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

## 1.8 Entire Agreement.

This Agreement constitutes the entire Agreement between the Parties hereto in respect of the matters referred to herein and there are no representations, warranties, covenants or agreements, expressed or implied or collateral hereto other than as expressly set forth or referred to herein. This Agreement supersedes all other prior agreements, understandings, negotiations and discussions, whether oral or written between the Parties. Upon execution of this Agreement the LOI will be null, void and of no further force and effect.

## 2. THE MERGER

### 2.1 Agreement.

Upon and subject to the terms and conditions of this Agreement, and the applicable provisions of the DGCL, Lattice will merge with and into the Blackstone Sub at the Effective Time. From and after the Effective Time in order to effect the Merger, the separate corporate existence of Lattice will cease, and the Blackstone Sub will continue as the surviving corporation as a wholly-owned subsidiary of Blackstone (the Blackstone Sub following the Merger is hereinafter referred to as, (the “**Surviving Company**”)). The Blackstone Sub’s name will be changed to “Lattice Biologics Inc.” at the Effective Time.

### 2.2 Closing, Effective Time.

Unless this Agreement is earlier terminated pursuant to Section 17 of this Agreement, the Closing of the Merger (the “**Closing**”) will take place no later than three Business Days following the satisfaction or waiver (in writing) of the conditions set forth in Section 12 of this Agreement (other than such conditions which by their nature are to be satisfied at the Closing) or at such other time mutually agreed to by Lattice and Blackstone. The date on which the Closing takes place is referred to in this Agreement as the “**Closing Date**”. The Closing will take place at the office of Farris, Vaughan, Wills & Murphy LLP or at such other place upon which Blackstone and Lattice may agree.

### 2.3 Actions at the Closing.

At the Closing:



- (a) Lattice will deliver to Blackstone and the Blackstone Sub the various certificates, instruments and documents referred to in Section 14.1 of this Agreement and such other certificates, instruments and documents reasonably requested by Blackstone in connection with the Closing; and
- (b) Blackstone and the Blackstone Sub will deliver to Lattice the various certificates, instruments and documents referred to in Section 14.2 of this Agreement and such other certificates, instruments and documents reasonably requested by Lattice in connection with the Closing.

#### **2.4 Effective Time and Additional Action.**

At the Closing, the Parties will cause the Merger to be consummated by filing a certificate of merger, in such appropriate form as determined by Blackstone and Lattice, acting reasonably (the “**Certificate of Merger**”), to be executed, acknowledged and filed with the Secretary of State of the State of Delaware in accordance with the relevant provisions of the DGCL. The Merger will become effective at the time that the Certificate of Merger has been duly filed with the Delaware Secretary of State and has become effective in accordance with the DGCL (or such later time as may be agreed upon in writing by Lattice and Blackstone and specified in the Certificate of Merger) (such time being, the “**Effective Time**”). The Surviving Company may, at any time after the Effective Time, take any action, including executing and delivering any document, in the name and on behalf of either Lattice or the Blackstone Sub, in order to consummate the transactions contemplated by this Agreement.

#### **2.5 Effect of Merger.**

The Merger will have the effects set forth in Section 259 of the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time, except as otherwise agreed pursuant to the terms of this Agreement, all the property, rights, privileges, powers and franchises of Lattice will vest in the Surviving Company, and all debts, liabilities, obligations, restrictions, disabilities and duties of Lattice will become the debts, liabilities, obligations, restrictions, disabilities and duties of the Surviving Company.

#### **2.6 Certificate of Incorporation and By-laws.**

- (a) At the Effective Time upon the filing of the Certificate of Merger (a) the separate existence of Lattice will cease and Lattice will be merged with and into the Blackstone Sub, and (b) the certificate of incorporation as in effect for the Blackstone Sub immediately prior, subject to any amendments provided for by the terms of the Certificate of Merger, to the Effective Time will be the certificate of incorporation for the Surviving Company until thereafter changed or amended as provided therein or in accordance with Applicable Laws. The provisions of the certificate of incorporation of the Surviving Company for indemnification of officers and directors of the Surviving Company will be the same as the indemnification provisions contained in the certificate of incorporation of the Blackstone Sub as in effect immediately prior to the Effective Time.
- (b) At the Effective Time, the by-laws of the Blackstone Sub, as in effect immediately prior to the Effective Time, will become the by-laws of the Surviving Company. The provisions of the by-laws of the Blackstone Sub for indemnification of officers and directors will to be the same as the indemnification provisions contained the by-laws of the Blackstone Sub as in effect immediately prior to the Effective Time.

## 2.7 Directors and Officers.

- (a) The directors of the Surviving Company immediately after the Effective Time will be as follows:
- (i) Guy Cook;
  - (ii) Cheryl Farmer;
  - (iii) Mario Stifano;
  - (iv) Cathy Thomas; and
  - (v) Donald McInnes.

Each of the foregoing directors will hold office in accordance with the provisions of the DGCL, and the certificate of incorporation and the bylaws of the Surviving Company until their respective successors are duly elected or appointed and qualified, or until their earlier death, resignation or removal.

- (b) The officers of the Surviving Company immediately after the Effective Time will be as follows:
- (i) Guy Cook – *President and Secretary*;
  - (ii) Cheryl Farmer – *Vice President and Treasurer*; and
  - (iii) Gregory Davis – *Chief Operating Officer*.

Each of the foregoing officers will hold office in accordance with the provisions of the DGCL bylaws of the Surviving Company until respective successors are duly elected or appointed and qualified, or until their earlier death, resignation or removal.

## 2.8 Merger Consideration.

- (a) Subject to Sections 2.11 and 2.12 of this Agreement, at the Effective Time, by virtue of the Merger and without any further action on the part of Blackstone, the Blackstone Sub, Lattice or any other Person:
- (i) subject to Section 2.11(e) of this Agreement, and except as set forth in Section 2.8(a)(ii) of this Agreement each Lattice Share outstanding and held by a Lattice Stockholder immediately prior to the Effective Time will be cancelled and extinguished and converted automatically into the right to receive that number of Blackstone Post-Consolidated Common Shares and Blackstone Non-Voting Restricted Shares in accordance with Schedule “A-3” of this Agreement; and
  - (ii) each Lattice Share held in the treasury of Lattice immediately prior to the Effective Time shall be cancelled and extinguished, and no other securities of Blackstone or any other Person shall be issuable, and no payment or other consideration shall be made, with respect thereto.
- (b) At any time or from time to time between the date of this Agreement and the Effective Time, if Blackstone declares or pays any dividend on Blackstone Shares or Blackstone Post-Consolidated Shares (as applicable) or Blackstone Non-Voting Restricted Shares payable in Blackstone Shares or Blackstone Post-Consolidated Shares (as applicable) or Blackstone Non-Voting Restricted Shares in any right to acquire Blackstone Shares or

Blackstone Post-Consolidated Shares (as applicable) or Blackstone Non-Voting Restricted Shares, or effects a subdivision of the outstanding Blackstone Shares or Blackstone Post-Consolidated Shares (as applicable) or Blackstone Non-Voting Restricted Shares into a greater number of Blackstone Shares or Blackstone Post-Consolidated Shares (as applicable) or Blackstone Non-Voting Restricted Shares (by stock dividends, splits, recapitalizations and the like), or if (other than the Blackstone Share Consolidation) the outstanding Blackstone Shares or Blackstone Post-Consolidated Shares (as applicable) or Blackstone Non-Voting Restricted Shares will be consolidated, by reclassification or otherwise, into a lesser number of Blackstone Shares or Blackstone Post-Consolidated Shares (as applicable) or Blackstone Non-Voting Restricted Shares, then the Lattice Consideration will be appropriately adjusted.

- (c) No fractional Blackstone Post-Consolidated Shares or Blackstone Non-Voting Restricted Shares will be issued in connection with the Merger, and no certificates for any such fractional shares will be issued. Any fractional Blackstone Post-Consolidated Shares or Blackstone Non-Voting Restricted Shares will be rounded down to the nearest whole number and no cash payment in lieu of any fractional Blackstone Post-Consolidated Shares or Blackstone Non-Voting Restricted Shares will be paid.
- (d) On execution of this Agreement, Lattice will deliver to Blackstone and its counsel the Lattice Spreadsheet. For purposes of this Agreement, the “**Lattice Spreadsheet**” will mean a spreadsheet which will be certified as complete and correct by a senior officer of Lattice as of the Effective Time, which will include, as of immediately prior to the Effective Time:
  - (i) confirmation that the number and combination of Blackstone Post-Consolidated Shares and Blackstone Non-Voting Restricted Shares into which Lattice Shares will be converted as a result of the Merger set out in Schedule “A-3” remains correct; and
  - (ii) (A) the names of all Lattice Stockholders, their respective addresses and relationship to Lattice (and proposed relationship to the Surviving Company or Blackstone at the Effective Time), the Surviving Company and confirmation, to the knowledge of Lattice, that each Lattice Stockholder is an Accredited Investor; (B) the number and type of shares held by each Lattice Stockholder, (C) the respective certificate numbers held by each Lattice Stockholder; and (D) the number of Blackstone Post-Consolidated Shares and Blackstone Non-Voting Restricted Shares or cash, as applicable, to be paid to each Lattice Stockholder at Closing in respect of each Lattice Share held by such Lattice Stockholder.

## **2.9 Treatment of Blackstone-Owned Stock.**

Each share of the Delaware Sub held by Blackstone at the Effective Time will continue to be held by Blackstone from and after the Effective Time and will not be cancelled or converted by virtue of the Merger or otherwise as a result of the Transaction.

## **2.10 Closing of Lattice’s Transfer Books.**

At the Effective Time, all certificates representing Lattice Shares will be cancelled and holders of certificates representing Lattice Shares that were outstanding immediately prior to the Effective Time will cease to have any rights as stockholders of Lattice, and the stock transfer books of Lattice will be closed with respect to all Lattice Shares outstanding immediately prior to the Effective Time. No further transfer of any such Lattice Shares will be made on such stock transfer books after the Effective Time. If, after the Effective Time, a Lattice stock certificate is presented to the Surviving Company or Blackstone by a Lattice Stockholder listed on the Lattice Spreadsheet, the Lattice Shares formerly represented by such Lattice stock certificate will be canceled and will be exchanged for Blackstone Post-Consolidated Shares and Blackstone Non-Voting Restricted Shares, as provided in Sections 2.8 and 2.11 of this Agreement.

## **2.11 Exchange of Certificates.**

- (a) At the Effective Time, Blackstone will deposit with its transfer agent sufficient share certificates representing the Blackstone Post-Consolidated Shares and Blackstone Non-Voting Restricted Shares issuable pursuant to the Merger and Blackstone will provide its transfer agent an irrevocable direction to issue the number of Blackstone Post-Consolidated Shares and Blackstone Non-Voting Restricted Shares issuable to Lattice Shareholders pursuant to the Merger in accordance with this Agreement and the TSX-V Escrow Agreement.
- (b) Lattice will be responsible for sending an Accredited Investor Certificate.
- (c) As soon as practicable after the Effective Time, Blackstone will cause its transfer agent to issue to each Lattice Stockholder that (at the Closing or anytime thereafter): (i) has provided a duly executed Accredited Investor Certificate; (ii) does not perfect its right of appraisal under Section 262 of the DGCL; and (ii) is otherwise entitled to receive Blackstone Post-Consolidated Shares and Blackstone Non-Voting Restricted Shares (a “**Merger Stockholder**”) certificates representing the number of Blackstone Shares and Blackstone Non-Voting Restricted Shares that such Merger Stockholder has the right to receive pursuant to the provisions of Section 2.8 of this Agreement to be either deposited in escrow or delivered to the Merger Stockholder in accordance with the terms of the TSX-V Escrow Agreement.
- (d) No dividends or other distributions declared or made with respect to any shares in the capital of Blackstone with a record date after the Effective Time will be paid to the holder of any unsurrendered Lattice stock certificate with respect to Blackstone Post-Consolidated Shares or Blackstone Non-Voting Restricted Shares represented thereby until such holder surrenders such Lattice stock certificate in accordance with this Section 2.11 of this Agreement (at which time such holder will be entitled to receive all such dividends and distributions).
- (e) Blackstone, and the Surviving Company will be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any holder or former holder of Lattice Shares pursuant to this Agreement such amounts as Blackstone or the Surviving Company may be required to deduct or withhold therefrom under the Code or under any provision of state, local or foreign tax law, if any. To the extent such amounts are so deducted or withheld, such amounts will be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid.

- (f) Neither Blackstone nor the Surviving Company will be liable to any holder or former holder of Lattice Shares for any Blackstone Post-Consolidated Shares (or dividends or distributions with respect thereto) or Blackstone Non-Voting Restricted Shares (or dividends or distributions with respect thereto), or for any cash amounts, delivered to any Governmental Authority pursuant to any applicable abandoned property, escheat or similar law.
- (g) Each certificate representing Blackstone Post-Consolidated Shares or Blackstone Non-Voting Restricted Shares issued to a Merger Stockholder who is resident in the United States will bear the following legend:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR UNDER THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY ACQUIRING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE ISSUER OF THE SECURITIES AND ITS SUCCESSORS (THE “CORPORATION”) THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) RULE 144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE LAWS, AND, IN THE CASE OF PARAGRAPH (C) OR (D), THE HOLDER HAS, PRIOR TO SUCH SALE, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE SATISFACTORY TO THE COMPANY. HEDGING TRANSACTIONS INVOLVING THE SECURITIES MUST NOT BE CONDUCTED UNLESS IN ACCORDANCE WITH THE U.S. SECURITIES ACT.

IF THE CORPORATION IS A “FOREIGN ISSUER” AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT AT THE TIME THESE SECURITIES ARE ISSUED, AND THESE SECURITIES ARE BEING SOLD IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, A NEW CERTIFICATE BEARING NO LEGEND, DELIVERY OF WHICH WILL CONSTITUTE “GOOD DELIVERY,” MAY BE OBTAINED FROM THE CORPORATION’S REGISTRAR AND TRANSFER AGENT FOR THE SECURITIES UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO THE CORPORATION’S REGISTRAR AND TRANSFER AGENT AND THE CORPORATION, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, TOGETHER WITH SUCH DOCUMENTATION AS MAY BE REQUESTED BY THE CORPORATION AND ITS REGISTRAR AND TRANSFER AGENT.”

## **2.12 Lattice Appraisal Shares.**

- (a) Notwithstanding anything to the contrary contained in this Agreement, Lattice Appraisal Shares will not be converted into or represent the right to receive Blackstone Post-Consolidated Shares and Blackstone Non-Voting Restricted Shares in accordance with Section 2.8(a) of this Agreement, and each holder of Lattice Appraisal Shares will be entitled only to such rights with respect to such Lattice Appraisal Shares as may be granted to such holder in Section 262 of the DGCL. From and after the Effective Time, a holder of Lattice Appraisal Shares will not have and will not be entitled to exercise any of the voting rights or other rights of a stockholder of the Surviving Company. If any holder of Lattice Appraisal Shares will fail to perfect or will waive, rescind, withdraw or otherwise lose such holder's right of appraisal under Section 262 of the DGCL, then (i) any right of such holder to require Lattice to purchase the Lattice Appraisal Shares for cash will be extinguished, and (ii) in accordance with Sections 2.8 and 2.11 of this Agreement, such shares will automatically be converted into and will represent only the right to receive (upon the surrender of the certificate or certificates representing such shares) Blackstone Post-Consolidated Shares and Blackstone Non-Voting Restricted Shares.
- (b) Lattice will give Blackstone prompt written notice of any demand by any Lattice Stockholder for appraisal of such Lattice Stockholder's Lattice Shares pursuant to the DGCL and of any other notice demand or instrument delivered to Lattice pursuant to the DGCL.
- (c) For purposes of this Agreement, "**Lattice Appraisal Shares**" will refer to any Lattice Shares outstanding immediately prior to the Effective Time that are held by Lattice Stockholders who are entitled to demand and who properly demand appraisal of such shares pursuant to, and who comply with the applicable provisions of Section 262 of the DGCL.

### **2.13 Tax Consequences.**

The Parties intend to adopt this Agreement as a "plan of reorganization" within the meaning of regulations of the Code Section 1.368-2(g) and to treat the Merger as a "reorganization" within the meaning of Section 368(a) of the Code. Each Party agrees to treat the Merger as a reorganization within the meaning of Section 368(a) of the Code for all United States federal income tax purposes, and to not take any position on any Tax Return or otherwise take any Tax reporting position inconsistent with such treatment, unless otherwise required by a "determination" within the meaning of Section 1313 of the Code that such treatment is not correct. Each Party agrees to act in a manner that is consistent with the Parties' intention that the Merger be treated as a reorganization within the meaning of Section 368(a) of the Code.

### **2.14 Further Action.**

If, at any time after the Effective Time, any further action is reasonably determined by Blackstone to be necessary or desirable to carry out the purposes of this Agreement or to vest the Surviving Company, or Blackstone with full right, title and possession of and to all rights and property of the Blackstone Sub and Lattice, the officers and directors of the Surviving Company and Blackstone will be fully authorized (in the name of the Blackstone Sub, in the name of Lattice and otherwise, as the case may be) to take such action.

### **2.15 No Further Rights.**

From and after the Effective Time, no Lattice Shares will be deemed to be outstanding, and holders of stock certificates that immediately prior to the Effective Time represented Lattice Shares converted into Blackstone Post-Consolidated Shares and Blackstone Non-Voting Restricted Shares pursuant to Section 2.8 of this Agreement will cease to have any rights with respect thereto, except as provided herein or by law.

**2.16 Lattice Stockholder Approval.**

Lattice will use reasonable commercial efforts to obtain the Lattice Stockholder Approval. Subject to receipt of the Lattice Stockholder Approval, Lattice agrees to provide a certified copy of the stockholder resolution of Lattice evidencing the Lattice Stockholder Approval (the “**Lattice Stockholder Resolution**”) to Lattice at or prior to Closing.

**2.17 Lattice Board Approval.**

Lattice represents and warrants to Blackstone that the Lattice Board has, or will at Closing have, unanimously:

- (a) determined that the Transaction and entry into this Agreement are in the best interests of Lattice; and
- (b) resolved to recommend that the Lattice Stockholders vote in favour of adoption and approval of this Agreement and the approval of the Merger.

**2.18 Blackstone Board Approval.**

Blackstone represents and warrants to Lattice that the Blackstone Board has, or will at Closing have, unanimously:

- (a) determined that the Transaction (which includes specific reference to the Merger) and entry into this Agreement are in the best interests of Blackstone; and
- (b) resolved to recommend that the Blackstone Shareholders provide their written consent to the Transaction, if required.

**2.19 Blackstone Sub Board Approval.**

Blackstone and the Blackstone Sub represent and warrant to Lattice that the Blackstone Sub Board has, or will at Closing have, determined that the Merger and entry into this Agreement is in the best interests of the Blackstone Sub.

**2.20 Blackstone Shareholder Approval.**

If Blackstone does not obtain the Blackstone Shareholder Approval Waiver, then Blackstone agrees to use reasonable commercial efforts to obtain the Blackstone Shareholder Approval and any other necessary Regulatory Approvals as may be required for the performance by Blackstone of its obligations under this Agreement) by the Effective Time. Upon receipt of the Blackstone Shareholder Approval, Blackstone agrees to provide sufficient evidence (in the reasonable opinion of Lattice) of such approval to Lattice.

**2.21 Blackstone Sub Shareholder Approval.**

Blackstone agrees to provide the Blackstone Sub Shareholder Approval by executing a written shareholder resolution approving the Merger (the “**Blackstone Sub Shareholder Resolution**”). Blackstone agrees to provide a certified copy of the Blackstone Sub Shareholder Resolution to Lattice at or prior to Closing.

### **3. RESULTING ISSUER**

The Parties agree that upon completion of the Transaction, Blackstone will be the resulting issuer, carry on the business of Lattice, and have the capital structure set out in Schedule “C-1” and organizational structure set out in Schedule “C-2” of this Agreement (the “**Resulting Issuer**”).

### **4. BLACKSTONE BOARD AND MANAGEMENT RECONSTITUTION**

#### **4.1 New Directors.**

Prior to the Effective Time, Blackstone will use reasonable commercial efforts to obtain written resignations from each of Rupert Leggee and John Greig from their position as a director of Blackstone. Effective as of the Effective Time, Blackstone and Lattice agree that the directors of Blackstone will consist of: (i) Guy Cook; (ii) Cheryl Farmer; (iii) Cathy Thomas; (iv) Mario Stifano; and (v) Donald McInnes provided the TSX-V does not object to such nominations and such persons are eligible to act as directors pursuant to Applicable Laws (the “**Blackstone Board Reconstitution**”). Blackstone agrees to take all reasonable commercial steps prior to the Effective Time to effect the Blackstone Board Reconstitution effective as of the Effective Time.

#### **4.2 New Management.**

Prior to the Effective Time, Blackstone will use reasonable commercial efforts to obtain written resignations from each of Donald McInnes and David Douglas from their position as an officer of Blackstone. Effective as of the Effective Time, Blackstone and Lattice agree that the management of Blackstone will consist of: (i) Guy Cook – *Chief Executive Officer*; (ii) Cheryl Farmer – *Chief Financial Officer and Corporate Secretary*; (iii) Gregory Davis – *Chief Operating Officer*; (iv) Chris Bradley – *Product Development Manager*; (v) Don Cooke – *National Sales Manager*; (vi) Portia Hall – *Human Resources Manager*; (vii) Tracy Ries – *Regulatory Affairs Manager*; (viii) Jason Sellakumar – *Controller*; (ix) Arianna Pastrano – *Quality Control Manager*; and (x) Mike Merritt – *Manufacturing Manager*, provided the TSX-V does not object to such nominations and such persons are eligible to act as management pursuant to Applicable Laws (the “**Blackstone Management Reconstitution**”). Blackstone agrees to take all reasonable commercial steps prior to the Effective Time to effect the Blackstone Management Reconstitution effective as of the Effective Time.

#### **4.3 Resignations.**

At or prior to the Closing, Blackstone will deliver executed resignations to Lattice of all officers of Blackstone and those directors of Blackstone who are not continuing with Blackstone.

### **5. BLACKSTONE FINANCING**

#### **5.1 Blackstone Financing.**



Lattice acknowledges that Blackstone has closed the Blackstone Financing for gross proceeds of \$1,570,200 pursuant to which Blackstone issued 5,234,000 Blackstone Financing Subscription Receipts to subscribers. Lattice and Blackstone acknowledge that \$856,695 of the proceeds raised in the Blackstone Financing are currently held in escrow by Blackstone's counsel (the "**Escrowed Proceeds**"). At the Effective Time, Blackstone and Lattice agree that the Escrowed Proceeds (less payment of: (i) transaction costs; (ii) professional fees; and (iii) other expenses, all of which must be itemized and approved by Blackstone and Lattice in writing) (the "**Financing Proceeds**") will be unconditionally released to Blackstone. At the Closing, Blackstone agrees to provide evidence satisfactory to Lattice, acting reasonably, of the completion of the Blackstone Financing and the unconditional release of the Financing Proceeds to Blackstone.

## 5.2 **Blackstone Financing Finder's Fee.**

Lattice acknowledges that as of the date of this Agreement Blackstone has issued 547,590 Blackstone Financing Warrants and paid \$54,758.97 to finders pursuant to the Blackstone Financing Finder's Fee in connection with the Blackstone Financing.

## 6. **BLACKSTONE DEBT SETTLEMENT**

Lattice acknowledges that Blackstone settled \$560,078 in outstanding debt (the "**Blackstone Debt**") through the issuance of 5,600,783 subscription receipts convertible into Blackstone Shares (the "**Blackstone Debt Settlement Subscription Receipts**") at a price of \$0.10 per Blackstone Share (prior to the Blackstone Share Consolidation) which were automatically converted into Blackstone Shares on November 27, 2015. Blackstone represents that the Blackstone Debt has been settled and Blackstone will have no further obligation with respect to payment of or any portion of the Blackstone Debt.

## 7. **BLACKSTONE CONSOLIDATIONS**

### 7.1 **Blackstone Share Consolidation.**

Blackstone covenants and agrees that, at or prior to the Effective Time, it will consolidate all of its 11,673,426 issued and outstanding Blackstone Shares on a 3:1 basis (the "**Blackstone Share Consolidation**") (such Blackstone Shares after giving effect to the Blackstone Share Consolidation, the "**Blackstone Post-Consolidated Shares**"). At or prior to the Effective Time, Blackstone agrees to provide evidence satisfactory to Lattice, acting reasonably of the completion of the Blackstone Share Consolidation.

### 7.2 **Blackstone Financing Finders' Warrants.**

Blackstone covenants and agrees that, in connection with the Blackstone Share Consolidation: (i) its 547,590 existing Blackstone Finder's Warrants will automatically, in accordance with the terms of the Blackstone Finder's Warrant certificates, consolidate on a 3:1 basis (such Blackstone Finder's Warrant after giving effect to the Blackstone Finder's Warrant Consolidation, the "**Blackstone Post-Consolidated Financing Finder's Warrants**"). Resulting in a total of 182,530 of Blackstone Post-Consolidated Financing Finder's Warrants, each exercisable into one Blackstone Post-Consolidated Share at an effective price of \$0.30.

## 8. **BLACKSTONE LOAN WARRANTS**

Blackstone acknowledges that Grenville advanced US\$700,000 to Lattice pursuant to a secured convertible promissory note (the “**Grenville Loan**”) to fund Lattice’s working capital requirements prior to completion of the Lattice Acquisition. In consideration for the Grenville Loan, Blackstone agrees to issue 500,000 Blackstone Loan Warrants to Grenville at the Effective Time.

## **9. TSX-V APPROVAL & FILING STATEMENT**

### **9.1 TSX-V Approval.**

Blackstone agrees to use all reasonable commercial efforts to request and obtain the TSX-V Approval by the Effective Time. Lattice acknowledges that Blackstone is a public company that is subject to the rules and policies of the TSX-V (the “**TSX-V Policies**”), and that the TSX-V Policies require Blackstone to retain a sponsor (the “**Sponsor**”) to provide a Sponsor Report to TSX-V in respect of the Transaction. Additionally, Blackstone agrees to use reasonable commercial efforts to apply and obtain a waiver from the TSX-V from the requirement to obtain the Blackstone Shareholder Approval (the “**Blackstone Shareholder Approval Waiver**”).

### **9.2 Filing Statement.**

- (a) As soon as reasonably practicable, following the date of this Agreement, Blackstone and Lattice agree to prepare and complete (or coordinate the preparation and completion of) the Filing Statement together with any other documents required by Applicable Laws in connection with the Filing Statement and the Transaction.
- (b) Blackstone will ensure that the Filing Statement complies in all material respects with all Applicable Laws, and, without limiting the generality of the foregoing, that the Filing Statement will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than in each case with respect to any information furnished by or on behalf of Lattice) and will provide Blackstone Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the Transaction (other than with respect to any information furnished by Lattice) and will include the unanimous recommendation of the Blackstone Board that Blackstone Shareholders provide the Blackstone Shareholder Approval, if required by the TSX-V.
- (c) Lattice will ensure that the Filing Statement complies in all material respects with all Applicable Laws, and, without limiting the generality of the foregoing, that the Filing Statement will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than in each case with respect to any information furnished by or on behalf of Blackstone or the Blackstone Sub).
- (d) The Parties will each timely furnish all such necessary information, records, financial statements, studies and other information concerning each Party, respectively, as may be reasonably required in the preparation of the Filing Statement and other documents related thereto.

- (e) Lattice and its legal counsel will be given a reasonable opportunity to review and comment on the Filing Statement and other documents related thereto before they become final, and the Filing Statement will be in form and content satisfactory to Lattice, acting reasonably.
- (f) Blackstone and its legal counsel will be given a reasonable opportunity to review and comment on the Filing Statement and other documents related thereto before they become final, and the Filing Statement will be in form and content satisfactory to Blackstone, acting reasonably.
- (g) Blackstone will file (or cause to be filed) with the TSX-V the Filing Statement and all other documentation required in connection with the Filing Statement by the TSX-V. Notwithstanding the foregoing, Blackstone will not deliver and file the Filing Statement with the TSX-V in accordance with this Section 9.2 until Lattice has provided its written confirmation to Blackstone that the form of Filing Statement is acceptable to Lattice, (acting reasonably).
- (h) The Parties will promptly notify each other if, at any time before the earlier of the Effective Time and the termination of this Agreement in accordance with its terms, it becomes aware that the Filing Statement contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Filing Statement, and each Party will co-operate in the preparation of any amendment or supplement to the Filing Statement, as required or appropriate, and Blackstone will promptly file any amendment or supplement to the Filing Statement on SEDAR, (or if required) mail or otherwise disseminate any amendment or supplement to the Filing Statement to its shareholders.

## **10. NAME CHANGE**

Subject to Blackstone obtaining the TSX-V Approval (as applicable) and Blackstone obtaining such approvals as are required under the BCBCA, Blackstone agrees to complete the Name Change at or prior to the Effective Time or as soon as practicable thereafter.

## **11. COVENANTS AND AGREEMENTS**

### **11.1 Given by Lattice.**

Lattice covenants and agrees with Blackstone and the Blackstone Sub that Lattice will:

- (a) from and including the date of this Agreement through to and including the Effective Time, do all such acts and things necessary to ensure that all of the representations and warranties of Lattice contained in this Agreement remain true and correct in all material respects and not do any such act or thing that would render any representation or warranty of Lattice untrue or incorrect in any material respect;

- (b) other than amendments to the Consulting Agreements and Convertible Notes, from and including the date of this Agreement through to and including the Effective Time, except as set out in this Agreement, not issue, cancel, transfer or otherwise alter its capital structure or reach any agreement or understanding with any other party to issue, cancel or transfer any securities or otherwise alter its capital structure without the prior written consent of Blackstone;
- (c) comply with the terms of this Agreement and faithfully and expeditiously seek to close the Merger and related transactions by the Closing Date, or such other date prior to the Drop Dead Date as may be requested by Blackstone, acting reasonably;
- (d) until the Closing, use its reasonable commercial efforts to preserve intact its business organization and other business relationships; it will continue to operate in the ordinary course of business and maintain its books, records and accounts in accordance with generally accepted accounting principles, consistent with past practice; and use reasonable commercial efforts to maintain its current financial condition. Except as contemplated herein, Lattice will not enter into any material agreements, other than in the ordinary course of business, or agreements with related parties (as defined in Applicable Laws), make any changes to its corporate articles, or amend any stock options or warrants, without the prior consent of Blackstone;
- (e) deliver to the Sponsor all information and documentation reasonably requested in connection with the preparation of the Sponsor Report; and
- (f) use reasonable commercial efforts to obtain the Lattice Consents.

## **11.2 Given by Blackstone.**

Blackstone covenants and agrees with Lattice that Blackstone will:

- (a) from and including the date of this Agreement through to and including the Effective Time, do all such acts and things reasonably necessary to ensure that all of the representations and warranties of Blackstone and the Blackstone Sub contained in this Agreement remain true and correct in all material respects and not do any such act or thing that would render any representation or warranty untrue or incorrect in any material respect;
- (b) from and including the date of this Agreement through to and including the Effective Time, except as set out in this Agreement, not issue, cancel, transfer or otherwise alter its capital structure or reach any agreement or understanding with any other party to issue, cancel, transfer or amend any securities or otherwise alter its capital structure without the prior written consent of Lattice, other than the completion of the Blackstone Share Consolidation, the Blackstone Financing Subscription Receipts issuable pursuant to the Blackstone Financing, the Blackstone Units issuable upon conversion of the Blackstone Financing Subscription Receipts, the Blackstone Finder's Warrants issued pursuant to the Blackstone Financing Finder's Fee and the issuance of the Blackstone Loan Warrants;
- (c) comply with the terms of this Agreement and faithfully and expeditiously seek to close the Transaction and related transactions by the Closing Date, or such other date prior to the Drop Dead Date as may be requested by Lattice, acting reasonably;

- (d) until the Closing, use its reasonable commercial efforts to preserve intact its business organization and other business relationships; it will continue to operate in the ordinary course of business and maintain its books, records and accounts in accordance with generally accepted accounting principles, consistent with past practice; and use reasonable commercial efforts to maintain its current financial condition. Except as contemplated in Blackstone's management information circular dated October 8, 2015, or as otherwise contemplated herein, Blackstone will not enter into any material agreements, or agreements with related parties (as defined in securities laws) make any changes to its corporate articles, or amend any stock options or warrants, without the prior consent of Lattice; and
- (e) deliver to the Sponsor all information reasonably requested in connection with the preparation of the Sponsor Report.

### **11.3 Given by the Blackstone Sub and Blackstone.**

The Blackstone Sub and Blackstone covenant and agree with Lattice that the Blackstone Sub will:

- (a) from and including the date of this Agreement through to and including the Effective Time, do all such acts and things reasonably necessary to ensure that all of the representations and warranties of the Blackstone Sub contained in this Agreement remain true and correct in all material respects and not do any such act or thing that would render any representation or warranty untrue or incorrect in any material respect;
- (b) from and including the date of this Agreement through to and including the Effective Time, except as set out in this Agreement in connection with the Merger, not reach any agreement or understanding with any other party to issue or amend any securities without the prior written consent of Lattice;
- (c) comply with the terms of this Agreement and faithfully and expeditiously seek to close the Merger and related transactions by the Closing Date, or such other date prior to the Drop Dead Date as may be requested by Lattice, acting reasonably; and
- (d) until the Closing, use its reasonable commercial efforts to preserve intact its business organization and other business relationships; it will continue to operate in the ordinary course of business and maintain its books, records and accounts in accordance with generally accepted accounting principles, consistent with past practice; and use reasonable commercial efforts to maintain its current financial condition. The Blackstone Sub will not enter into any material agreements, or agreements with related parties (as defined in securities laws), make any changes to its corporate articles, or amend any stock options or warrants, without the prior consent of Lattice.

### **11.4 Covenants of Lattice Regarding the Merger.**

Subject to the terms of this Agreement, Lattice will perform all obligations required to be performed by Lattice under this Agreement, co-operate with Blackstone and the Blackstone Sub in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, Lattice will use all reasonable commercial efforts to:

- (a) apply for and to obtain all Regulatory Approvals relating to Lattice required in connection with this Agreement, the Merger or any of the other transactions contemplated herein, and, in doing so, keep Blackstone fully informed as to the status of the proceedings related to obtaining the Regulatory Approvals, including providing Blackstone promptly with copies of all related applications and notifications, in a draft form prior to such applications and notifications being submitted, in order for Blackstone to provide its reasonable comments thereon;
- (b) obtain (in the opinion of Lattice, acting reasonably) all material assignments, waivers, consents and approvals required to be obtained from, and to deliver all notices required to be delivered to, other parties for Material Contracts, licenses or permits in connection with this Agreement and the Merger required to permit the Surviving Company to assume all of Lattice's material rights and obligations under such Material Contracts to operate Lattice's business as currently operated, or any of the other transactions contemplated herein, a complete list of which is provided in Schedule "A-5-1" hereto (the "**Lattice Consents**");
- (c) comply promptly with all requirements imposed by Applicable Laws with respect to the Merger and any other transactions contemplated herein;
- (d) not knowingly take any action, refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or the Merger or which is or could reasonably be expected to impede or delay the completion of the transactions contemplated under this Agreement or the Merger except as specifically permitted by this Agreement;
- (e) provide to Blackstone such additional information and documentation as Blackstone or its counsel may reasonably request in connection with its efforts to obtain the TSX-V Approval and use all reasonable commercial efforts to assist Blackstone with its efforts to obtain the TSX-V Approval;
- (f) obtain the Lattice Stockholder Approval;
- (g) obtain executed copies of the Accredited Investor Certificate from each Lattice Stockholder;
- (h) defend all lawsuits or other legal, regulatory or other proceedings against Lattice challenging or affecting this Agreement or the consummation of the Merger or any of the other transactions contemplated hereby. Lattice will also provide to Blackstone's legal counsel on a timely basis copies of any notice of appearance or other documents served on Lattice in respect of such lawsuit or proceeding. In addition, Lattice will not object to legal counsel to Blackstone seeking leave or standing to make such submissions in connection with such lawsuit or proceeding as such counsel considers appropriate, provided, however, that such submissions are consistent with this Agreement;
- (i) oppose, lift or rescind any injunction or restraining or other order or decree seeking to stop, or otherwise adversely affecting its ability to consummate, the Merger or any of the other transactions contemplated hereby; and

- (j) fulfil, and cause to be fulfilled, all conditions to Closing contained in this Agreement that are within Lattice's power and satisfy all provisions of this Agreement applicable to Lattice.

#### **11.5 Covenants of Blackstone Regarding the Transaction.**

Subject to the terms of this Agreement, Blackstone will perform all obligations required to be performed by Blackstone under this Agreement, cause the Blackstone Sub to perform all obligations required to be performed by the Blackstone Sub under this Agreement, co-operate with Lattice in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, Blackstone will use all reasonable commercial efforts to:

- (a) apply for and obtain all Regulatory Approvals relating to Blackstone or the Blackstone Sub required in connection with this Agreement, the Transaction or any of the other transactions contemplated herein, and, in doing so, keep Lattice fully informed as to the status of the proceedings related to obtaining the Regulatory Approvals, including providing Lattice promptly with copies of all related applications and notifications, in a draft form prior to such applications and notifications being submitted, in order for Lattice to provide its reasonable comments thereon;
- (b) obtain all necessary assignments, waivers, consents and approvals required to be obtained from, and to deliver all notices required to be delivered to, other parties to any of Blackstone or the Blackstone Sub's Material Contracts, licenses or permits in connection with this Agreement or any of the other transactions contemplated herein;
- (c) comply promptly with all requirements imposed by Applicable Laws with respect to the Transaction and any other transactions contemplated herein;
- (d) prior to Closing, execute and cause the Blackstone Sub to execute the Lattice Consents where the Lattice Consents require such signature in order to have the Blackstone Sub be assigned and assume all of Lattice's rights and obligations under such agreements identified in Schedule "A-5-1" of this Agreement effective on Closing;
- (e) obtain the TSX-V Approval and any other requisite TSX-V approvals with respect to the Transaction;
- (f) not knowingly take (or cause the Blackstone Sub to take) to any action, refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or the Transaction or which is or could reasonably be expected to impede or delay the completion of the Transaction and any other transactions contemplated under this Agreement except as specifically permitted by this Agreement;

- (g) defend all lawsuits or other legal, regulatory or other proceedings against Blackstone and the Blackstone Sub challenging or affecting this Agreement or the consummation of the Transaction or any of the other transactions contemplated hereby. Blackstone will also provide to Lattice’s legal counsel on a timely basis copies of any notice of appearance or other documents served on Blackstone or the Blackstone Sub in respect of such lawsuit or proceeding. In addition, neither Blackstone nor the Blackstone Sub will object to legal counsel to Lattice seeking leave or standing to make such submissions in connection with such lawsuit or proceeding as such counsel considers appropriate, provided, however, that such submissions are consistent with this Agreement;
- (h) oppose, lift or rescind any injunction or restraining or other order or decree seeking to stop, or otherwise adversely affecting Blackstone or the Blackstone Sub’s ability to consummate the Transaction or any of the other transactions contemplated hereby; and
- (i) fulfil, and cause to be fulfilled, all conditions to Closing contained in this Agreement that are within Blackstone’s and the Blackstone’s Sub’s power and satisfy all provisions of this Agreement applicable to Blackstone and cause the Blackstone Sub to satisfy all provisions of this Agreement applicable to the Blackstone Sub.

#### **11.6 Post-Closing Lattice Consents.**

Each of the Parties agrees to use reasonable commercial efforts to obtain consents for all of the agreements listed in Schedule “A-5-2” (the “**Lattice Post-Closing Consents**”) as soon as practicable and in any event no later than 60 days after the Closing has occurred. The Parties acknowledge and agree that the Lattice Post-Closing Consents listed in Schedule “A-5-2” are currently being sought by the Parties.

## **12. CONDITIONS PRECEDENT**

### **12.1 In favour of all Parties.**

The obligations of the Parties under this Agreement are subject to the fulfillment of the following conditions at or prior to the Effective Time (unless otherwise indicated):

- (a) the Lattice Stockholder Approval (evidenced by the Lattice Stockholder Resolution) having been obtained in accordance with the requirements of all Applicable Laws;
- (b) the Blackstone Shareholder Approval Waiver or the Blackstone Shareholder Approval (as applicable) having been obtained in accordance with the requirements of all Applicable Laws;
- (c) the unconditional release of the Financing Proceeds to Blackstone;
- (d) receipt of the TSX-V Approval;
- (e) no pending or threatened action, suit or proceeding by any Governmental Authority or other Person, in each case having a reasonable likelihood of success, and no Applicable Law or Authorization will be in effect, which:
  - (i) makes the consummation of the Merger illegal or otherwise enjoins or prohibits the Merger, or any transactions otherwise contemplated hereby;



- (ii) renders this Agreement or the Merger unenforceable in any way or frustrates the purpose and intent hereof or thereof; or
  - (iii) has had or would be reasonably expected to have a Material Adverse Effect on any Party; and
- (f) the Regulatory Approvals, if any, will have been obtained on terms and conditions satisfactory to the Parties, in each case acting reasonably.

The conditions precedent set forth above are for the exclusive benefit of Lattice and Blackstone and may be waived (in writing), in whole or in part, by the mutual consent of Lattice and Blackstone on or before the Effective Time.

## **12.2 In favour of Lattice.**

The obligations of Lattice under this Agreement are subject to the fulfillment of the following conditions at or prior to the Effective Time (unless otherwise indicated):

- (a) Blackstone having the capital structure as set out in Schedule “B-2” of this Agreement immediately prior to Effective Time;
- (b) other than as contemplated under this Agreement, Blackstone having not issued any additional Blackstone Shares (or Blackstone Post-Consolidated Shares, as applicable) or any additional securities or rights convertible into securities of Blackstone;
- (c) other than as contemplated under this Agreement, the Blackstone Sub having not issued any additional common stock or any additional securities or rights convertible into securities of the Blackstone Sub;
- (d) Blackstone having provided Lattice with certified copies of the resolutions duly passed by the Blackstone Board and the Blackstone Sub Board approving this Agreement and the consummation of the transactions contemplated hereby;
- (e) the Blackstone Board will have adopted all necessary resolutions, and all other necessary corporate action will have been taken by Blackstone and the Blackstone Sub, to permit the consummation of the Merger, the Blackstone Board Reconstitution, the Blackstone Management Reconstitution, the Blackstone Financing, the Blackstone Financing Finder’s Fee, the settlement of the Blackstone Debt, the issuance of the Blackstone Debt Settlement Subscription Receipts, the Blackstone Share Consolidation, the Name Change, the issuance of the Blackstone Loan Warrants, the Haywood Success Fee, the Filing Statement and any transactions otherwise contemplated hereby;
- (f) the Blackstone Sub Board will have adopted all necessary resolutions, and all other necessary corporate action will have been taken by the Blackstone Sub, to permit the consummation of the Merger and any transactions otherwise contemplated hereby;
- (g) all necessary actions and proceedings will have been taken to validly allot and issue, as fully paid and non-assessable, the Blackstone Post-Consolidated Shares and Blackstone Non-Voting Restricted Shares pursuant to the Merger;

- (h) Blackstone having provided Lattice with certified copies of the resolutions duly passed by the Blackstone Board allotting and issuing the aggregate number of Blackstone Post-Consolidated Shares and Blackstone Non-Voting Restricted Shares that will be required to be issued pursuant to the Merger and the terms of this Agreement and the Merger taking effect;
- (i) all necessary actions and proceedings will have been taken to validly allot and issue, as fully paid and non-assessable, the Blackstone Post-Consolidated Shares pursuant to the Haywood Success Fee;
- (j) Blackstone having provided Lattice with certified copies of the resolutions duly passed by the Blackstone Board allotting and issuing the aggregate number of Blackstone Post-Consolidated Shares that will be required to be issued pursuant to the Haywood Success Fee;
- (k) Blackstone having provided Lattice with evidence satisfactory to Lattice (acting reasonably) of the Blackstone Shareholder Approval, if such approval is required by the TSX-V;
- (l) the Blackstone Sub Shareholder Approval having been obtained in accordance with the requirements of all Applicable Laws;
- (m) Blackstone having provided Lattice with certified copy of the Blackstone Sub Shareholder Resolution;
- (n) Blackstone will have delivered the resignations of the directors of Blackstone contemplated herein and such other documentation necessary to appoint the Lattice Nominees to the Blackstone Board pursuant to the Blackstone Board Reconstitution in accordance with Section 4.1 of this Agreement;
- (o) Blackstone will have delivered the resignations of the existing officers of Blackstone and such other documentation necessary to effect the Blackstone Management Reconstitution in accordance with Section 4.2 of this Agreement;
- (p) Blackstone having completed the Blackstone Share Consolidation prior to the Effective Time;
- (q) all necessary actions and proceedings will have been taken to validly allot and reserve for issuance, as fully paid and non-assessable, the Blackstone Post-Consolidated Shares, issuable upon exercise of the Blackstone Loan Warrants;
- (r) Blackstone will have delivered to and filed with the TSX-V all documents necessary to complete the issuance of the Blackstone Loan Warrants in accordance with Section 8 of this Agreement and provided Lattice with evidence of the foregoing satisfactory to Lattice, acting reasonably;
- (s) Blackstone will have delivered Lattice certified copies of the resolutions duly passed by the Blackstone Board authorizing the creation and issuance of the Blackstone Loan Warrants and authorizing the aggregate number of Blackstone Post-Consolidated Shares issuable upon exercise of the Blackstone Loan Warrants be reserved for issuance upon exercise of the Blackstone Loan Warrants;

- (t) Blackstone and the Blackstone Sub having complied in all material respects with all of its covenants and agreements contained in this Agreement;
- (u) the representations and warranties of Blackstone and the Blackstone Sub contained in this Agreement being true in all material respects as if such representations and warranties had been made by Blackstone and the Blackstone Sub (as applicable) as of the Effective Time (with modifications necessary to reflect the transactions contemplated by this Agreement);
- (v) all consents, waivers, and approvals required to be obtained by Blackstone from a counter-party to a Material Contract of Blackstone or the Blackstone Sub required in connection with, or to permit the consummation of, the Transaction or any transaction otherwise contemplated hereby will have been obtained on conditions satisfactory to Lattice acting reasonably;
- (w) there will not be in force or threatened any order or decree of any Governmental Authority or other Person that has the effect of ceasing or restricting trading in the Blackstone Shares (or Blackstone Post-Consolidated Shares, as applicable) other than the TSX-V trading halt currently in effect;
- (x) Blackstone will not have undertaken any material business outside of normal operations, other than in connection with the completed of the transactions contemplated by this Agreement;
- (y) Blackstone will have executed the Lattice Consents provided to Blackstone by Lattice after such Lattice Consent has been signed by Lattice and the required counter-party whose consent is being sought where the Lattice Consents require such signatures;
- (z) Blackstone will have provided executed copies of any TSX-V Escrow Agreement required by the TSX-V to be executed by any Blackstone Shareholder; and
- (aa) the absence of any Material Adverse Change in the business, financial condition, prospects, assets or operations of Blackstone and the Blackstone Subs since September 30, 2015.

The conditions precedent set forth above are for the exclusive benefit of Lattice and may be waived (in writing), in whole or in part, by Lattice on or before the Effective Time (unless otherwise indicated).

### **12.3 In favour of Blackstone.**

Blackstone obligations under this Agreement are subject to the fulfilment of the following conditions at or prior to the Effective Time (unless otherwise indicated):

- (a) Lattice having the capital structure as set in Schedule "A-2" immediately prior to Effective Time;
- (b) other than as contemplated hereunder, Lattice having not issued any additional Lattice Shares or additional securities or rights convertible into securities of Lattice;

- (c) Lattice will have complied in all material respects with all of its covenants and agreements contained in this Agreement;
- (d) the representations and warranties contained in this Agreement of Lattice will be true in all material respects as if such representations and warranties had been made by Lattice as of the Effective Time (with modifications necessary to reflect the transactions contemplated by this Agreement);
- (e) the Lattice Board will have adopted all necessary resolutions, and all other necessary corporate action will have been taken by Lattice, to permit the consummation of the Merger and any transactions otherwise contemplated hereby and Lattice will provide certified copies evidencing the same to Blackstone;
- (f) Lattice will have provided Blackstone with:
  - (i) certified copies of the resolutions duly passed by the Lattice Board approving this Agreement, the Merger and the consummation of the transactions contemplated hereby; and
  - (ii) certified copies of the Lattice Stockholders' Approval and all other documents executed by the Lattice Stockholders, as reasonably required by Blackstone;
- (g) Lattice will have obtained the Lattice Consents and provided evidence satisfactory to Blackstone (acting reasonably) of the Lattice Consents. For greater certainty, the Lattice Consents will have been executed by Lattice and each counter-party (other than Blackstone and the Blackstone Sub);
- (h) Lattice will have obtained (and delivered to Blackstone) executed Accredited Investor Certificates from each Lattice Stockholder;
- (i) Lattice will not have undertaken any material business outside of normal operations, other than in connection with the completion of the transactions contemplated by this Agreement;
- (j) Lattice will have provided executed copies of any TSX-V Escrow Agreement required by the TSX-V to be executed by each Lattice Stockholder; and
- (k) the absence of any Material Adverse Change in the business, financial condition, prospects, assets or operations of Lattice since September 30, 2015.

The conditions precedent set forth above are for the exclusive benefit of Blackstone and may be waived (in writing) by Blackstone in whole or in part on or before the Effective Time (unless otherwise indicated).

### **13. REPRESENTATIONS AND WARRANTIES**

#### **13.1 Concerning Lattice.**

In order to induce Blackstone and the Blackstone Sub to enter into this Agreement and complete its obligations hereunder, Lattice represents and warrants to and covenants with Blackstone and as follows:

- (a) **Incorporation and Qualification** – Lattice is a corporation incorporated on July 18, 2013 under the laws of Delaware, is existing under the laws of Delaware and has the corporate power to own and operate its property, carry on its business and enter into and perform its obligations under this Agreement. This Agreement constitutes a legal, valid and binding agreement of Lattice and is enforceable against Lattice in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors and the general principles of equity;
- (b) **Not a Reporting Issuer** – Lattice is not a reporting issuer in any jurisdiction and its common stock is not listed or quoted on any stock exchange or trading facility. Lattice is not subject to any regulatory decision or order prohibiting or restricting trading in its shares;
- (c) **No Conflict** – The execution and delivery of this Agreement by Lattice and the performance by Lattice of its obligations hereunder will not:
  - (i) other than set out in Schedule “A-6” to this Agreement, conflict with, or result in the breach or the acceleration of, any indebtedness under, or constitute default under the constating documents of Lattice, or any indenture, mortgage, agreement, lease, license or other instrument of any kind whatsoever to which Lattice is a party, or any judgment or order of any kind whatsoever of any court or administrative body of any kind whatsoever by which Lattice is bound; or
  - (ii) result in the violation of any law, ordinance, statute, regulation, by-law, order or decree of any kind;
- (d) **Corporate Authority** – The execution, delivery and performance by Lattice of this Agreement and the completion of the transactions contemplated hereunder, have been (or will by the Closing be) duly authorized by all necessary corporate action on the part of Lattice;
- (e) **Required Approvals** – other than as set out in this Agreement, there is no requirement to obtain any Regulatory Approval or other third party waiver or approval as a condition to the completion by Lattice of the transactions contemplated by this Agreement;
- (f) **Corporate Records** – The corporate records, including all constating documents, minutes of meetings and resolutions of stockholders, directors and any committees, the share certificates, securities registers and register of directors of Lattice are complete and accurate and all corporate proceedings and actions reflected in such corporate records have been conducted or taken in compliance with all Applicable Laws and with the constating documents of Lattice. Lattice’s constating documents are in the form contained in its minute book and no modifications or alterations have been proposed or approved by its shareholders. Lattice is not subject to, or affected by, any unanimous shareholders agreement;
- (g) **Books and Records** – To the best knowledge of Lattice, the books and records of Lattice disclose all material agreements and material financial transactions of Lattice, and such transactions have been fairly and accurately recorded;

- (h) **Authorized and Issued Capital** – Lattice is authorized to issue 100,000 shares of common voting stock with a par value of \$.001, of which such amount is set out in Schedule “A-1” of this Agreement are validly issued and outstanding as fully paid and non-assessable shares as of the date of this Agreement;
- (i) **Outstanding Securities** – Other than the Convertible Notes, there are no securities of Lattice that are convertible into equity securities that are issued and outstanding;
- (j) **No Other Agreements to Purchase** – Other than the Convertible Notes, the Haywood Agreement, the Grenville Note Purchase Agreement and the Consulting Agreements, there are no options, agreements, rights of first refusal or other rights capable of becoming such to acquire any of the Lattice Shares;
- (k) **Dividends and Distributions** – No dividends or other distributions of any kind whatsoever on any shares in the capital of Lattice have been made, declared or authorized;
- (l) **Compliance with Laws** – Lattice has and is conducting its business in compliance in all material respects with all Applicable Laws in the jurisdictions in which such business is carried on;
- (m) **No Unlawful Payments** – Neither Lattice, nor, to the best knowledge of Lattice, any director, officer, agent, employee or other person associated with or acting on behalf of Lattice has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of applicable foreign corrupt practices legislation, including the *U.S. Foreign Corrupt Practices Act*; or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment;
- (n) **Title to Assets** – Lattice owns (with good title) all of the properties and assets (whether real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by Lattice in the Lattice Financial Statements. Lattice has legal and beneficial ownership of their assets, which are free and clear of all liens, charges and encumbrances, other than those liens and security interest set out in Schedule “A-8” of this Agreement;
- (o) **No Options to Purchase Assets** – There are no written or oral agreements, options, understandings or commitments, or any right or privilege capable of becoming such for the purchase or acquisition from Lattice of any of its assets, other than assets which are obsolete or inventory to be sold in the ordinary course;
- (p) **Condition of Tangible Assets** – The buildings, plants, structures, vehicles, equipment, technology and communications hardware and other tangible personal property of Lattice are in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put. None of such buildings, plants, structures, vehicles, equipment or other property are in need of maintenance or repairs except for routine maintenance and repairs in the ordinary course that are not material in nature or cost;

- (q) **Leases** – Other than set out in Schedule “A-9” of this Agreement, Lattice is not a party to, or under any agreement to become a party to, any lease with respect to real property;
- (r) **Financial Condition:**
- (i) The Lattice Financial Statements are, true and correct in every material respect and present fairly and accurately the financial position and results of the operations of Lattice for the periods reported upon as at the date of thereof;
  - (ii) The Lattice Financial Statements were prepared in accordance with IFRS applied on a consistent basis throughout the periods involved, in each case, except as otherwise indicated in the notes thereto;
  - (iii) Other than as set out in the Lattice Financial Statements and Schedule “A-7” of this Agreement, there are no material liabilities of Lattice, whether direct, indirect, absolute, contingent or otherwise, which are not disclosed in the Lattice Financial Statements or reflected in the books and records of Lattice;
  - (iv) Other than as set out in Schedule “A-8” of this Agreement and as disclosed in the Lattice Financial Statements, Lattice has not granted any general security over its assets or security in any particular asset that is currently in place;
  - (v) Since September 30, 2015 (unless otherwise disclosed in the subsequent events included in the Lattice Financial Statements):
    - A. there has not been any Material Adverse Change of any kind whatsoever to the financial position or condition of Lattice or any damage, loss or other change of any kind whatsoever in circumstances materially affecting the business or assets of Lattice or the right or capacity of Lattice to carry on its business;
    - B. Lattice has not transferred, assigned, sold or otherwise disposed of any of the assets shown or reflected in the Lattice Financial Statements or cancelled any debts or claims except in each case in the ordinary and usual course of business;
    - C. Other than the Loan Agreement, the Now CFO Settlement Letter and Farmer Note, Lattice has not incurred or assumed any Liability over \$25,000, except Liabilities incurred in the ordinary and usual course of business and in relation to the transactions contemplated in this Agreement;
    - D. Other than pursuant to the Now CFO Settlement Letter, Lattice has not discharged or satisfied any encumbrances, or paid any Liability, other than current liabilities or the current portion of long term liabilities disclosed in the Lattice Financial Statements or current liabilities incurred since the date thereof in the ordinary and usual course of business;

- E. Lattice has not declared, made, or committed itself to make any payment of any dividend or other distribution in respect of any of its shares other than in the usual course, nor has it purchased, redeemed, subdivided, consolidated, or reclassified any of its shares;
  - F. other than in respect of the Transaction, Lattice has not entered into any material commitment or transaction not in the ordinary and usual course of business;
  - G. Other than as set out in Schedule “A-8” of this Agreement Lattice has not mortgaged, pledged, subjected to any lien, granted an option or a security interest in respect of or otherwise encumbered any of its assets or property, whether real or personal and whether tangible or intangible; or
  - H. Lattice has not authorized or agreed or otherwise have become committed to do any of the foregoing;
- (vi) Other than the Cook Note, the Farmer Note, the Lattice Convertible Note (issued to Catherine A. Thomas, Trustee for the James F. and Arleen M. Russi Family Trust), as set out in Schedule “A-7” of this Agreement and in the Lattice Financial Statements, Lattice is not indebted to, or does not have any Liability (contingent or otherwise) to, any of the Lattice Stockholders, directors, officers or insiders of Lattice. None of the Lattice Stockholders, nor any director, officer or other insider of Lattice are indebted or under obligation to Lattice on any account whatsoever; and
  - (vii) Lattice has not guaranteed or agreed to guarantee any debt, liability or other obligation of any kind whatsoever of any Person;
- (s) **Related Party Transactions** – Other than as disclosed in the Lattice Financial Statements, no current or former director, officer, employee or agent of Lattice or any other insider of Lattice, or any affiliate or associate of any of them is a party to any loan, contract, arrangement or understanding or other transactions with Lattice;
  - (t) **Environmental** – To the best knowledge of Lattice:
    - (i) Lattice is in compliance in all material respects with Environmental Laws;
    - (ii) Lattice has operated its respective businesses at all times and have received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
    - (iii) there is no material claim or judicial or administrative proceeding which may affect either Lattice or any assets of Lattice relating to or alleging any violation of Environmental Laws; and



- (iv) Lattice holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of their respective businesses as presently conducted and the ownership and use of their respective assets, other than those which the failure to hold would not reasonably be expected to have a Material Adverse Change on Lattice, and neither Lattice nor any of its respective assets is the subject of any investigation, evaluation, audit or review not in the ordinary and regular course of business by any Governmental Authority to determine whether any violation of Environmental Laws has occurred or is occurring, nor is Lattice subject to any known environmental liabilities;
- (u) **Taxes** – To the best knowledge of Lattice:
  - (i) All tax returns and reports of Lattice required by law to have been filed have been filed and are materially true, complete and correct and all taxes and other government charges of any kind whatsoever of Lattice have been paid;
  - (ii) adequate provision has been made for taxes payable by Lattice for the current period for which tax returns are not yet required to be filed and there are no agreements, waivers or other arrangements of any kind whatsoever providing for an extension of time with respect to the filing of any tax return by, or payment of, any tax or governmental charge of any kind whatsoever by Lattice;
  - (iii) Lattice has made all collections, deductions, remittances and payments of any kind whatsoever and filed all reports and returns required by it to be made or filed under the provisions of all applicable statutes requiring the making of collections, deductions, remittances or payments of any kind whatsoever in those jurisdictions in which Lattice carries on business;
  - (iv) Lattice’s principal reasons for participating in the Merger are bona fide business purposes not related to taxes. This Agreement is intended to constitute a “plan of reorganization” within the meaning of Sections 1.368-2(g) and 1.368-3(a) of the regulations under the Code;
  - (v) To the knowledge of Lattice, no written claim has ever been made by any Governmental Authority in a jurisdiction where Lattice does not file a Tax Return that it is or may be subject to taxation by that jurisdiction which has resulted or would reasonably be expected to result in an obligation to pay material Taxes;
  - (vi) There are no contracts relating to the allocating, sharing or indemnification of Taxes to which Lattice is a party, other than contracts containing customary gross-up or indemnification provisions in credit agreements, derivatives, leases, and similar agreements entered into in the ordinary course of business;
  - (vii) Lattice has never constituted either a “distributing corporation” or a “controlled corporation” within the meaning of Section 355(a)(1)(A) of the Code; and
  - (viii) Lattice has not participated in, or is currently participating in, a “listed transaction” within the meaning of Treasury Regulation Section 1.6011-4(b)(1).

- (v) **Litigation** – Other than as set out in Schedule “A-10” of this Agreement, to Lattice’s knowledge there are no outstanding actions, suits, litigation, judgments, investigations or proceedings of any kind whatsoever against or affecting Lattice at law or in equity or before or by any Governmental Authority or other governmental department, commission, board, bureau or agency of any kind whatsoever nor are there, to the best knowledge of Lattice, any pending or threatened;
- (w) **Employment and Employee Benefit Matters:**
- (i) Other than as set out in Schedule “A-11” of this Agreement, as at the date hereof, Lattice is not a party to any employment or consulting agreements with any, director, officer, consultant or employee of Lattice:
- (ii) Other than as set forth in Schedule “A-11” of this Agreement:
- A. Lattice does not maintain, sponsor or fund any employee benefit, bonus, incentive, profit sharing, termination, change of control, pension, health, welfare, life insurance or similar plan;
- B. Lattice is not a party to or bound by or subject to any collective bargaining agreement or other similar arrangement with any labour union or employee association nor has it made any commitment to or conducted any negotiation or discussion with any labour union or employee association with respect to any future agreement or arrangement and, to the best knowledge of Lattice, there is no current application for certification or other attempt to organize or establish any labour union or employee association with respect to employees of Lattice;
- C. to the best knowledge of Lattice, Lattice has complied with, and operated its business in accordance with, all Applicable Laws relating to employment and labour matters, including employment and labour standards, occupational health and safety, employment equity, pay equity, workers’ compensation, human rights and labour relations matters; there are no current, pending or, to the best knowledge of Lattice, threatened claims, complaints or proceedings of any kind involving Lattice, or to the best knowledge of Lattice, any employees of Lattice before any Governmental Authority with respect to any of the above matters; and there are no facts known to Lattice that could reasonably be expected to give rise to any such claim, complaint or proceeding;
- D. no Person will, as a result of the transactions contemplated hereby, become entitled to (A) any retirement, severance, bonus or other such payment, (B) the forgiveness or postponement of payment of any indebtedness owing to Lattice, or (C) receive any additional payments or compensation including without limitation, payment of any benefit or penalty or right of election in respect thereof resulting from a change of control in connection with the Transaction;

- E. all accruals for unpaid vacation pay, premiums for employment insurance, health premiums, accrued wages, salaries and commissions and other employee benefits have been reflected in the books and records of Lattice; and
  - F. to the best knowledge of Lattice, no employee of Lattice has breached any agreement such that Lattice would be liable to other parties to the breached agreement for employing or continuing to employ the employee and no employees are subject to any restrictions which would limit an employee's activities on behalf of Lattice;
- (iii) Except as set forth in Schedule "A-11" of this Agreement or as required by Applicable Laws, the employment of each of Lattice's employees is terminable by Lattice at will, without severance or payment of compensation other than wages earned and paid time off benefits earned but not taken through the date of termination. No current or former independent contractor of Lattice could reasonably be deemed to be a misclassified employee. No independent contractor has provided services to Lattice for a period of six consecutive months or longer. Lattice could not be considered a joint or co-employer of any temporary or leased employees from a third party that worked at Lattice.
  - (iv) Lattice has delivered or made available to Blackstone an accurate and complete list, as of the date of this Agreement, of each Employee Agreement. Lattice does not intend and has not committed to establish or enter into any new Employee Agreement, or to modify any Employee Agreement (except to conform any such Employee Agreement to the requirements of any Applicable Laws, in each case as previously disclosed to Blackstone in writing or as required by this Agreement).
  - (v) Lattice has delivered or made available to Blackstone accurate and complete copies of all documents setting forth the terms of each Employee Agreement, including all amendments thereto and all related trust documents.
  - (vi) Lattice has never maintained, established, sponsored, participated in or contributed to any: (i) pension plan subject to Title IV of ERISA; (ii) "multiemployer plan" within the meaning of Section (3)(37) of ERISA; or (iii) plan described in Section 413 of the Code. Lattice has never maintained, established, sponsored, participated in or contributed to any pension plan in which stock of any Lattice is or was held as a plan asset.
  - (vii) Lattice has not effectuated a "plant closing," partial "plant closing," "relocation," "mass layoff" or "termination" (as defined in the Worker Adjustment and Retraining Notification Act (the "**WARN Act**") or any similar Applicable Law) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of Lattice.
- (x) **No Breach of Laws** – Lattice is not in breach of any law, ordinance, statute, regulation, by-law, order or decree of any kind whatsoever; except for such breaches as would not reasonably be expected to have a Material Adverse Effect on Lattice;

- (y) **Insurance** – Copies of all insurance policies maintained by Lattice and information regarding payment obligation thereunder have been provided to Blackstone. Lattice is not in default of any of the material provisions contained in the insurance policies or the payment of any premiums under any insurance policy, and has not failed to give any notice or to present any claim under any insurance policy in a due and timely fashion;
- (z) **Material Contracts:**
  - (i) Other than as set out in Schedule “A-12” of this Agreement, Lattice has performed all of the material obligations required to be performed by it under the Material Contracts set out in Schedule “A-12” of this Agreement and Lattice is entitled to all benefits under the Material Contracts set out in Schedule “A-12” of this Agreement and is not in default of any material obligation required to be performed by it under the Material Contract set out in Schedule “A-12”. The Material Contracts listed in Schedule “A-12” of this Agreement represent all of the Material Contracts necessary or applicable to the material operations of the business of Lattice as currently conducted or contemplated in the Filing Statement;
  - (ii) Other than as set out in Schedule “A-6” hereto, no Material Contract listed in Schedule “A-12” contains any provisions relating to a change of control or other default or penalty payment arising in connection with the closing of the transactions contemplated hereunder;
- (aa) **Consents** - The Lattice Consents include all material consents, waivers and approvals necessary to be obtained by Closing for Lattice to carry on the material operations of the its business as currently conducted or contemplated in the Filing Statement;
- (bb) **Material Transactions** – All of the material transactions of Lattice have been promptly and properly recorded or filed in, or with, the books or records of Lattice, and the minute books of Lattice contain all records of the meetings and proceedings of stockholders and directors of Lattice since its incorporation;
- (cc) **Subsidiaries:**
  - (i) Lattice has no subsidiaries or affiliates; and
  - (ii) Lattice does not own, possess or have the right to acquire any securities of any other corporate entity;
- (dd) **Intellectual Property:**

- (i) Schedule “A-13” of this Agreement lists: (A) each material item of Intellectual Property in which Lattice has or purports to have an ownership interest of any nature (whether solely or jointly with another Person) and that either: (1) relates to any Lattice product; (2) relates to the manufacture, development, use, administration, delivery, promotion, or testing of any Lattice product or the provision of any service or test using a Lattice product; or (3) is used or held for use in connection with any Lattice product (the “**Lattice IP**”); (B) the jurisdiction in which such Lattice IP has been registered or filed and the applicable registration or serial number; and (C) any other Person that has an ownership interest in such item of Lattice IP and the nature of such ownership interest.
- (ii) Lattice has delivered or made available to Blackstone an accurate and complete copy of each standard form of the following documents and contracts used by Lattice at any time: (A) terms and conditions with respect to the clinical testing, distribution, sale, or provisioning of any Lattice product; (B) employee agreement or similar contract containing any assignment or license of Lattice IP or any confidentiality provision; or (C) consulting or independent contractor agreement or similar contract containing any assignment or license of Lattice IP or any confidentiality provision.
- (iii) Lattice exclusively own all right, title and interest to and in the Lattice IP (other than Intellectual Property licensed to Lattice, as identified in Schedule A-13 or pursuant to commercially available third party software and material transfer agreements entered into in the ordinary course of business) free and clear of any encumbrances. Without limiting the generality of the foregoing:
  - A. to the knowledge of Lattice, all documents and instruments necessary to perfect the rights of Lattice in the Lattice IP have been validly executed, delivered and filed in a timely manner with the appropriate Governmental Authority;
  - B. Other than the security interests held by Redwood and Bibby as set out in Schedule “A-8” hereto, no Person other than Lattice has any claim, right (whether or not currently exercisable) or interest to or in any Lattice IP and each Person who is or was involved in the creation or development of any Lattice IP for or on behalf of Lattice has signed a valid, enforceable agreement containing an assignment of all rights in and to such Lattice IP to Lattice and confidentiality provisions protecting the Lattice IP;
  - C. Lattice has taken all reasonable steps to maintain the confidentiality of and otherwise protect and enforce its rights in all proprietary information held by Lattice, or purported to be held by Lattice, as a trade secret;
  - D. Lattice is not now nor has ever been a member or promoter of, or a contributor to, any industry standards body or any similar organization that would reasonably be expected to require or obligate Lattice to grant or offer to any other Person any license or right to any Lattice IP; and

- E. Lattice owns or otherwise has, and after closing the Surviving Company will continue to have, the right, through ownership, license or otherwise, to all Lattice IP reasonably necessary to conduct the business of the Surviving Company as conducted as of the date of this Agreement or as currently proposed to be conducted.
- (iv) To the knowledge of Lattice, all Lattice IP that is material to the business of Lattice is valid, subsisting and enforceable.
- (v) Neither the execution, delivery or performance of this Agreement nor the consummation of any of the Transactions will, or would reasonably be expected to, with or without notice or the lapse of time, result in or give any other Person the right or option to cause, create, impose or declare: (A) a loss of, or encumbrance on, any Lattice IP; (B) the release, disclosure or delivery of any Lattice IP by or to any escrow agent or other Person; or (C) the grant, assignment or transfer to any other Person of any license or other right or interest under, to or in any of the Lattice IP.
- (vi) To the knowledge of Lattice, no Person has infringed, misappropriated or otherwise violated, and no Person is infringing, misappropriating or otherwise violating, any Lattice IP. Schedule A-13: (A) accurately identifies (and Lattice has made available to Blackstone an accurate and complete copy of) each letter or other written or electronic communication or correspondence that has been sent or otherwise delivered by or to Lattice or any representative of Lattice regarding any alleged or suspected infringement or misappropriation of any Lattice IP, as of the date of this Agreement; and (B) provides a brief description of the current status of the matter referred to in such letter, communication or correspondence.
- (vii) To the knowledge of Lattice, the conduct of the business of Lattice as previously conducted, currently conducted or as currently proposed to be conducted, including, without limitation, the development, manufacture, use, import, export, offer for sale, sale or other commercialization of any of the Lattice products, does not and has not infringed (directly, contributorily, by inducement or otherwise), misappropriated or otherwise violated any intellectual property of any other Person.
- (viii) No infringement, misappropriation or similar claim or legal proceeding involving infringement or misappropriation of any intellectual property of any other Person is or has been pending and served or, to the knowledge of Lattice, pending and not served or threatened against Lattice or against any other Person who is, or has asserted or would reasonably be expected to assert that it is, entitled to be indemnified, defended, held harmless or reimbursed by Lattice with respect to such claim or legal proceeding (including any claim or legal proceeding that has been settled, dismissed or otherwise concluded).
- (ix) Except as set forth in Schedule "A 13" of this Agreement, Lattice has not transferred title to, or granted any exclusive license, or granted an option to acquire title or an exclusive license, with respect to, any material Lattice IP.

- (x) There are no proceedings or actions known to Lattice before any court or tribunal (including the United States Patent and Trademark Office or equivalent authority anywhere in the world) related to any Lattice IP. No Lattice IP is the subject of any outstanding decree, order, judgment, settlement agreement, or stipulation restricting in any manner the use, transfer, or licensing thereof by Lattice, or that may affect the validity, use or enforceability of such Lattice IP.
  - (xi) To the knowledge of Lattice, Lattice has not taken any action or failed to take any action that reasonably could be expected to result in the abandonment, cancellation, forfeiture, relinquishment, invalidation or unenforceability of any Lattice IP (including failure to pay required fees associated with registrations of any Lattice IP; failure to disclose any known material prior art in connection with the prosecution of patent applications included in the Lattice IP) nor to the knowledge of Lattice, has the owner of any material items of Lattice IP licensed to Lattice taken or failed to take any such action in respect to such material items of Lattice IP.
  - (xii) Lattice has not entered into any services agreements relating to development, testing, manufacture or formulation of any Lattice product under which the party performing such services has obtained rights to intellectual property covering such Lattice products or their manufacture, formulation or use.
- (ee) **Complete Disclosure** – To the best knowledge of Lattice:
- (i) all documents and written information delivered by Lattice or its representatives under or in connection with this Agreement to Blackstone or their respective representatives are complete and correct in all material respects as of the date of this Agreement; and
  - (ii) neither Lattice nor the directors, officers or other insiders of Lattice have withheld from Blackstone any material information necessary to enable Blackstone to make an informed assessment and valuation of the business, assets and liabilities of Lattice;
- (ff) **Regulatory** – To the knowledge of Lattice, none of Lattice’s employees, officers or directors have been:
- (i) debarred, disqualified, suspended or excluded from participation in any state or Federal Health Care Program,

- (ii) listed on the U.S. System for Award Management list of excluded parties, or (iii) debarred under the FDA Act or any similar state or foreign Law. In addition, to the knowledge of Lattice, Lattice has not: (A) engaged in any activity: (1) which is cause for the imposition of mandatory or permissive exclusion from a state or Federal Health Care Program, or (2) for which debarment is authorized or mandated by the FDA Act or any similar state or foreign law; nor (B) been made a party to any other action by any Governmental Authority that may prohibit Lattice from developing or selling products or providing services to any governmental or other purchaser pursuant to any Health Care Laws. To the knowledge of Lattice, there is no civil, criminal, administrative or other legal proceeding, notice or demand pending, received or, to the knowledge of Lattice, threatened against Lattice, its employees, officers or directors, which would reasonably be expected to result in such debarment, disqualification, suspension or exclusion.
  - (iii) convicted of or has been charged by any Governmental Authority or by any third party on behalf of any Governmental Authority with any violation of any Applicable Laws related to any Federal Health Care Program; or
  - (iv) has been convicted of or has been charged by any Governmental Authority with any violation of any Applicable Laws related to fraud, theft, embezzlement, breach of fiduciary responsibility, financial misconduct, obstruction of an investigation or controlled substances.
- (gg) **Capitalization** – All outstanding shares of Lattice and other securities of Lattice have been issued and granted in compliance in all respects with Applicable Laws;
- (hh) **Financial Statements** - Lattice maintains a system of internal control over financial reporting which is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS, and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Lattice; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and that receipts and expenditures are being made only in accordance with authorizations of management and directors of Lattice; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of Lattice that could have a material effect on Lattice's consolidated financial statements. To the knowledge of Lattice, neither it nor its independent registered accountant has identified or been made aware of: (A) any significant deficiency or material weakness in the design or operation of internal control over financial reporting utilized by Lattice; (B) any material illegal act or fraud related to the business of Lattice that involves Lattice's management or other employees; or (C) any material claim or allegation regarding any of the foregoing;
- (ii) **Real Property:** Lattice does not own any real property;



- (jj) **Finder's Fee** – Other than sponsorship fee payable pursuant to the Sponsorship Agreement, the Blackstone Financing Finder's Fee and the success fee payable to Haywood pursuant to the Haywood Agreement, Lattice is unaware of any Person being entitled to any brokerage fee, financial advisory fee, finder's fees or similar fee in connection with this Agreement or any of the transactions contemplated herein; and
- (kk) **Licenses and Permits** – Lattice holds all licenses and permits that are required for carrying on its business in the manner in which such business has been carried on and all such licenses and permits are in good standing as at the date hereof. A complete list is provided in Schedule "A-14" of this Agreement.

### 13.2 Concerning Blackstone and the Blackstone Sub.

In order to induce Lattice to enter into this Agreement and complete its obligations hereunder, Blackstone and the Blackstone Sub represent and warrant to and covenant with Lattice as follows:

- (a) **Incorporation and Qualification** – Blackstone is a corporation that was incorporated under the laws of British Columbia on June 6, 1985. Blackstone has the corporate power to carry on its business and enter into and perform its obligations under this Agreement. This Agreement constitutes a legal, valid and binding agreement of Blackstone and is enforceable against Blackstone in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors and the general principles of equity;
- (b) **Reporting Issuer** – Blackstone is a reporting issuer within the meaning of Applicable Laws and is in material compliance with its obligations as a reporting issuer (including those imposed pursuant to Applicable Laws), and no Governmental Authority nor the TSX-V has issued any order preventing the consummation of the Transaction or the trading of any securities of Blackstone, other than any trading halt imposed by the TSX-V in connection with the Transaction;
- (c) **TSX-V Compliance** – Blackstone is in material compliance of all of the policies of the TSX-V;
- (d) **Disclosure Documents** – Blackstone has filed all required Blackstone Disclosure Documents with the Governmental Authorities in accordance with the Applicable Laws. As of the time the Blackstone Disclosure Documents were filed with the Governmental Authorities and on SEDAR (System for Electronic Document Analysis and Retrieval) (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) each of the Blackstone Disclosure Documents complied in all material respects with the requirements of the Applicable Laws; and (ii) none of the Blackstone Disclosure Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein to the best of Blackstone's knowledge, in the light of the circumstances under which they were made, not misleading;
- (e) **Material Facts** – other than the transactions described herein, there is no 'material fact' or 'material change' (as those terms are defined in Applicable Laws) in the affairs of Blackstone that has not been generally disclosed to the public;

- (f) **No Shareholder Rights Plan** – Blackstone nor the Blackstone Sub has a shareholder rights plan or similar plan in effect;
- (g) **No Conflict** – The execution and delivery of this Agreement by Blackstone and the Blackstone Sub and the performance by Blackstone and the Blackstone Sub of its obligations under this Agreement will not:
  - (i) conflict with, or result in the breach or the acceleration of, any indebtedness under, or constitute default under the constating documents of Blackstone or the Blackstone Sub, or any indenture, mortgage, agreement, lease, licence or other instrument of any kind whatsoever to which Blackstone or the Blackstone Sub is a party, or any judgment or order of any kind whatsoever of any court or administrative body of any kind whatsoever by which Blackstone or the Blackstone Sub is bound; or
  - (ii) result in the violation of any law, ordinance, statute, regulation, by-law, order or decree of any kind;
- (h) **Required Approvals** – Other than approvals described herein, there is no requirement to obtain any Regulatory Approval or other third party waiver or approval as a condition to the completion by Blackstone or the Blackstone Sub of the transactions contemplated by this Agreement;
- (i) **Corporate Authority** – The execution, delivery and performance by Blackstone and the Blackstone Sub of this Agreement and the completion of the transactions contemplated hereunder, have been (or will by the Closing be) duly authorized by all necessary corporate action on the part of Blackstone and the Blackstone Sub subject to receipt of any necessary shareholder approvals;
- (j) **Corporate Records** – The corporate records, including all constating documents, minutes of meetings and resolutions of shareholders, directors and any committees, the share certificates, register of securityholders and register of directors of Blackstone and the Blackstone Sub are complete and accurate and all corporate proceedings and actions reflected in such corporate records have been conducted or taken in compliance with all Applicable Laws and with the constitution of Blackstone and the Blackstone Sub. The constating documents of Blackstone and the Blackstone Sub are in the form contained in its respective minute books and no modifications or alterations have been proposed or approved by its shareholders. Blackstone and the Blackstone Sub are not subject to, or affected by, any unanimous shareholders agreement;
- (k) **Authorized and Issued Capital** – Blackstone is authorized to issue an unlimited number of common shares without par value, of which 11,673,426 fully paid and non-assessable common shares are validly issued and outstanding as of the date hereof;
- (l) **Outstanding Securities** – Other than the Blackstone Financing Subscription Receipts and Blackstone Finder's Warrants as set out in Schedule "B-1" of this Agreement and as disclosed above, there are no equity securities or securities of Blackstone that are convertible into equity securities that are issued and outstanding;

- (m) **No Other Agreements to Purchase** – Other than the outstanding Blackstone Financing Subscription Receipts and Blackstone Warrants and as contemplated hereunder, there are no options, agreements, rights of first refusal or other rights capable of becoming such to acquire any Blackstone Shares (or Blackstone Post-Consolidated Shares, as applicable) or any securities or other ownership interest in the Blackstone Sub;
- (n) **Licenses and Permits** – Blackstone and the Blackstone Sub hold all licenses and permits that are required for carrying on its business in the manner in which such business has been carried on and all such licenses and permits are in good standing as at the date hereof;
- (o) **Dividends and Distributions** – No dividends or other distributions of any kind whatsoever on any shares in the capital of Blackstone or the Blackstone Sub have in the preceding 5 years from the date hereof been made, declared or authorized;
- (p) **Compliance with Laws** – Blackstone and the Blackstone Sub have conducted and are conducting its business in compliance in all material respects with all Applicable Laws in the jurisdictions in which such business is carried on;
- (q) **No Unlawful Payments** – Neither Blackstone nor the Blackstone Sub nor any director, officer, agent, employee or other person associated with or acting on behalf of Blackstone or the Blackstone Sub have (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds, (iii) violated or is in violation of any provision of applicable foreign corrupt practices legislation, including the *Corruption of Foreign Public Officials Act* (Canada), the *U.S. Foreign Corrupt Practices Act* and the *United Kingdom Bribery Act*, or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment;
- (r) **Title to Assets** – Blackstone has cash of approximately \$856,694.48 as of the date of this Agreement which represents substantially all of the assets of Blackstone;
- (s) **No Options to Purchase Assets** – There are no written or oral agreements, options, understandings or commitments, or any right or privilege capable of becoming such for the purchase or acquisition from Blackstone or the Blackstone Sub of any of its assets, other than assets which are obsolete or inventory to be sold in the ordinary course;
- (t) **Financial Condition:**
  - (i) The Blackstone Financial Statements are, true and correct in every material respect and present fairly and accurately the financial position and results of the operations of Blackstone, including the Blackstone Sub as applicable, for the periods reported upon;
  - (ii) The Blackstone Financial Statements were prepared in accordance with IFRS applied on a consistent basis throughout the periods involved, in each case, except as otherwise indicated in the notes thereto;

- (iii) The books and records of Blackstone and the Blackstone Sub disclose all material financial transactions of Blackstone and the Blackstone Sub, and such transactions have been fairly and accurately recorded;
- (iv) There are no material liabilities of Blackstone or the Blackstone Sub, whether direct, indirect, absolute, contingent or otherwise, which are not disclosed in the Blackstone Financial Statements or reflected in the books and records of Blackstone;
- (v) Neither Blackstone nor the Blackstone Sub have granted any general security over its assets or security in any particular asset that is currently in place;
- (vi) The Blackstone Sub was incorporated on October 26, 2015 and does not have any assets (other than a nominal amount of cash) or liabilities and has not carried on any business operations, other than in connection with the transactions contemplated in this Agreement;
- (vii) Since September 30, 2015 (unless otherwise disclosed in subsequent event notes in the Blackstone Financial Statements):
  - A. there has not been any Material Adverse Change of any kind whatsoever to the financial position or condition of Blackstone or the Blackstone Sub or any damage, loss or other change of any kind whatsoever in circumstances materially affecting the business or assets of Blackstone or the Blackstone Sub or the right or capacity of Blackstone to carry on its business;
  - B. other than under the Debt Settlement, neither Blackstone nor the Blackstone Sub have transferred, assigned, sold or otherwise disposed of any of the assets shown or reflected in the Blackstone Financial Statements or cancelled any debts or claims except in each case in the ordinary and usual course of business;
  - C. neither Blackstone nor the Blackstone Sub have incurred or assumed any Liability over \$25,000, except Liabilities incurred in the ordinary and usual course of business and in relation to the transactions contemplated in this Agreement;
  - D. neither Blackstone nor the Blackstone Sub have discharged or satisfied any encumbrances, or paid any Liability, other than current liabilities or the current portion of long term liabilities disclosed in the Blackstone Financial Statements, under the Debt Settlement, or current liabilities incurred since the date thereof in the ordinary and usual course of business;
  - E. neither Blackstone nor the Blackstone Sub have declared, made, or committed itself to make any payment of any dividend or other distribution in respect of any of its shares other than in the usual course, nor has it purchased, redeemed, subdivided, consolidated, or reclassified any of its shares other than as contemplated hereunder;

- F. other than in respect of the Transaction, neither Blackstone nor the Blackstone Sub have entered into any material commitment or transaction not in the ordinary and usual course of business;
  - G. neither Blackstone nor the Blackstone Sub have mortgaged, pledged, subjected to any lien, granted an option or a security interest in respect of or otherwise encumbered any of its assets or property, whether real or personal and whether tangible or intangible; or
  - H. neither Blackstone nor the Blackstone Sub have authorized or agreed or otherwise have become committed to do any of the foregoing;
- (viii) Other than set out in Schedule “B-3” of this Agreement, Blackstone is not indebted to, or does not have any Liability (contingent or otherwise) to, any of the Blackstone Shareholders, directors, officers or insiders of Blackstone or the Blackstone Sub. None of the Blackstone Shareholders, nor any director, officer or other insider of Blackstone or the Blackstone Sub is indebted or under obligation to Blackstone or the Blackstone Sub on any account whatsoever; and
  - (ix) Neither Blackstone nor the Blackstone Sub have guaranteed or agreed to guarantee any debt, liability or other obligation of any kind whatsoever of any Person;
- (u) **Related Party Transactions** – other than as disclosed pursuant to Applicable Laws and in the Blackstone Financial Statements, no director, officer, employee or agent of Blackstone or the Blackstone Sub or any other insider of Blackstone or the Blackstone Sub, or any affiliate or associate of any of them is a party to any loan, contract, arrangement or understanding or other transactions with Blackstone or the Blackstone Sub;
- (v) **Environmental** – To the best knowledge of Blackstone:
    - (i) Blackstone and the Blackstone Sub are in compliance in all material respects with Environmental Laws;
    - (ii) Blackstone and the Blackstone Sub have operated their respective businesses at all times and have received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
    - (iii) there is no material claim or judicial or administrative proceeding which may affect either Blackstone or the Blackstone Sub or any assets of Blackstone or the Blackstone Sub relating to or alleging any violation of Environmental Laws; and

- (iv) Blackstone and the Blackstone Sub hold all licences, permits and approvals required under any Environmental Laws in connection with the operation of their respective businesses as presently conducted and the ownership and use of their respective assets, other than those which the failure to hold would not reasonably be expected to have a Material Adverse Change on Blackstone or the Blackstone Sub, and neither Blackstone nor the Blackstone Sub nor any of their respective assets are the subject of any investigation, evaluation, audit or review not in the ordinary and regular course of business by any Governmental Authority to determine whether any violation of Environmental Laws has occurred or is occurring, and neither Blackstone nor the Blackstone Subsidiaries is subject to any known environmental liabilities.
  
- (w) **Taxes:** To the best knowledge of Blackstone:
  - (i) Blackstone is a “taxable Canadian corporation” within the meaning of the *Income Tax Act* (Canada);
  - (ii) All tax returns and reports of Blackstone and the Blackstone Sub required by law to have been filed have been filed and are materially true, complete and correct and all taxes and other government charges of any kind whatsoever of Blackstone and the Blackstone Sub have been paid;
  - (iii) Adequate provision has been made for taxes payable by Blackstone and the Blackstone Sub for the current period for which tax returns are not yet required to be filed and there are no agreements, waivers or other arrangements of any kind whatsoever providing for an extension of time with respect to the filing of any tax return by, or payment of, any tax or governmental charge of any kind whatsoever by Blackstone and the Blackstone Sub;
  - (iv) Blackstone and the Blackstone Subs have made all collections, deductions, remittances and payments of any kind whatsoever and filed all reports and returns required by it to be made or filed under the provisions of all applicable statutes requiring the making of collections, deductions, remittances or payments of any kind whatsoever in those jurisdictions in which Blackstone and the Sub carry on business; and
  - (v) Blackstone has not taken or agreed to take any action (other than actions contemplated by this Agreement) that could reasonably be expected to prevent the Merger from constituting a “reorganization” under Section 368(a) of the Code and the regulations issued under the Code. Blackstone is not aware of any agreement, plan or other circumstance that could reasonably be expected to prevent the Merger from so qualifying. Blackstone’s principal reasons for participating in the Merger are bona fide business purposes not related to taxes. This Agreement is intended to constitute a "plan of reorganization" within the meaning Sections 1.368-2(g) and 1.368-3(a) of the regulations issued under the Code.

- (x) **Litigation** – To Blackstone’s knowledge, there are no outstanding actions, suits, arbitrations, litigation, inquiries, judgments, investigations or proceedings of any kind whatsoever against or affecting Blackstone or the Blackstone Sub at law or in equity or before or by any Governmental Authority or other governmental department, commission, board, bureau or agency of any kind whatsoever nor are there, to the best knowledge of Blackstone and the Blackstone Sub, any pending or threatened;
- (y) **Employment and Employee Benefit Matters**
- (i) As at the date of this Agreement, Blackstone and the Blackstone Sub are not parties to any employment or consulting agreements with any director, officer, consultant or employee of Blackstone or the Blackstone Sub;
- (ii) Other than Blackstone’s 10% rolling stock option plan, neither Blackstone nor the Blackstone Sub maintains, sponsors or funds any employee benefit, bonus, incentive, profit sharing, termination, change of control, pension, health, welfare, life insurance or similar plan;
- (iii) neither Blackstone nor the Blackstone Sub are a party to or bound by or subject to any collective bargaining agreement or other similar arrangement with any labour union or employee association nor has it made any commitment to or conducted any negotiation or discussion with any labour union or employee association with respect to any future agreement or arrangement and, to the best knowledge of Blackstone and the Blackstone Sub, there is no current application for certification or other attempt to organize or establish any labour union or employee association with respect to employees of Blackstone or the Blackstone Sub;
- (iv) to the best knowledge of Blackstone and the Blackstone Sub, Blackstone and the Blackstone Sub have complied with, and operated its business in accordance with, all Applicable Laws relating to employment and labour matters, including employment and labour standards, occupational health and safety, employment equity, pay equity, workers’ compensation, human rights and labour relations matters; there are no current, pending or, to the best knowledge of Blackstone and the Blackstone Sub, threatened claims, complaints or proceedings of any kind involving Blackstone or the Blackstone Sub, or to the best knowledge of Blackstone and the Blackstone Sub, any employees of Blackstone or the Blackstone Sub before any Governmental Authority with respect to any of the above matters; and there are no facts known to Blackstone and the Blackstone Sub that could reasonably be expected to give rise to any such claim, complaint or proceeding;
- (v) no Person will, as a result of the transactions contemplated hereby, become entitled to (A) any retirement, severance, bonus or other such payment, (B) the forgiveness or postponement of payment of any indebtedness owing to Blackstone or the Blackstone Sub, or (C) receive any additional payments or compensation including without limitation, payment of any benefit or penalty or right of election in respect thereof resulting from a change of control in connection with the Transaction;

- (vi) all accruals for unpaid vacation pay, premiums for employment insurance, health premiums, Canada Pension Plan premiums, accrued wages, salaries and commissions and other employee benefits have been reflected in the books and records of Blackstone and the Blackstone Sub; and
- (vii) to the best knowledge of Blackstone and the Blackstone Sub, no employee of Blackstone or the Blackstone Sub has breached any agreement such that Blackstone or the Blackstone Sub would be liable to other parties to the breached agreement for employing or continuing to employ the employee and no employees are subject to any restrictions which would limit an employee's activities on behalf of Blackstone or the Blackstone Sub;
- (z) **No Breach of Laws** – Neither Blackstone nor the Blackstone Sub is in breach of any law, ordinance, statute, regulation, by-law, order or decree of any kind whatsoever except for such breaches as would not reasonably be expected to have a Material Adverse Effect on Blackstone or the Blackstone Sub;
- (aa) **Insurance** – As at the date hereof, neither Blackstone nor the Blackstone Sub maintains or is party to any insurance policy;
- (bb) **Material Contracts** – Copies of all of the Material Contracts of Blackstone and the Blackstone Sub have been provided to Lattice. Blackstone and the Blackstone Sub have performed all of the obligations required to be performed by each of them and, Blackstone is entitled to all benefits under its Material Contracts. Neither Blackstone nor the Blackstone Sub are in default of any such Material Contract. The Material Contracts listed in Schedule “B-4” of this Agreement represent all of the Material Contracts necessary or applicable to the material operations of the business of Blackstone and the Blackstone Sub as currently conducted or contemplated in the Filing Statement;
- (cc) **Material Transactions** – All of the material transactions of Blackstone and the Blackstone Sub have been promptly and properly recorded or filed in, or with, the books or records of Blackstone or the Blackstone Sub, as applicable, and the minute books of Blackstone and the Blackstone Sub contain all records of the meetings and proceedings of shareholders and directors of Blackstone and the Blackstone Sub since their incorporation;
- (dd) **Subsidiaries:**
  - (i) other than the Blackstone Sub, Blackstone has no subsidiaries or affiliates and the Blackstone Sub is duly incorporated and validly existing and in good standing under the laws of its jurisdiction of incorporation and no proceedings have been instituted or are pending for the dissolution or liquidation or winding-up of the Blackstone Sub;
  - (ii) Blackstone does not own, possess or have the right to acquire any securities of any other corporate entity;
  - (iii) Blackstone directly owns one-hundred percent (100%) of the shares of the Blackstone Sub and all such shares are legally and beneficially owned by Blackstone free and clear of all liens, charges and encumbrances of any kind whatsoever; and



- (iv) the Blackstone Sub has the corporate power and capacity to own the assets owned by it and to carry on the business carried on and proposed to be carried on by it.
- (ee) **Complete Disclosure** – To the best knowledge of Blackstone and the Blackstone Sub:
  - (i) all documents and written information (including the Filing Statement) delivered by Blackstone and the Blackstone Sub or its representatives under or in connection with this Agreement to Lattice or its representatives are complete and correct in all material respects as of the date of this Agreement; and
  - (ii) neither Blackstone, the Blackstone Sub nor the directors, officers or other insiders of Blackstone or the Blackstone Sub have withheld from Lattice any material information necessary to enable Lattice to make an informed assessment and valuation of the business, assets and liabilities of Blackstone and the Blackstone Sub.
- (ff) **Finder's Fee** – Other than the Blackstone Financing Finder's Fee, Blackstone and the Blackstone Sub are unaware of any Person being entitled to any brokerage fee, financial advisory fee, finder's fees or similar fee in connection with this Agreement or any of the transactions contemplated herein;
- (ll) **Real Property** – Neither Blackstone nor the Blackstone Sub owns any real property and
- (mm) **Capitalization** – All outstanding shares of Blackstone and the Blackstone Sub and other securities of Blackstone and the Blackstone Sub have been issued and granted in compliance in all respects with Applicable Laws.

### 13.3 Survival.

The representations and warranties made by the Parties under this Section 13 are true and correct as of the date of this Agreement and will be true and correct at the Effective Time (with modifications necessary to reflect the transactions contemplated by this Agreement) as though they were made at that time. The representations and warranties will survive Closing of the Transaction.

## 14. CLOSING DELIVERIES

### 14.1 Deliveries by Lattice.

At the Closing, Lattice will deliver to Blackstone the following documents:

- (a) a certified true copy of the resolutions of the directors evidencing that the Lattice Board has approved this Agreement, and all of the transactions of Lattice contemplated hereunder and the resolutions will include specific reference to the Merger between Lattice, Blackstone and the Blackstone Sub as contemplated by this Agreement and such other matters as Blackstone may reasonably request;

- (b) a certified true copy of the resolutions of the Lattice Stockholders evidencing the Lattice Stockholder Approval and the resolutions will include specific reference to the business combination between Lattice, Blackstone and the Blackstone Sub as contemplated by this Agreement;
- (c) evidence of any required Regulatory Approval to the transactions of Lattice contemplated hereunder;
- (d) a certificate signed by authorized representatives of Lattice that the representations and warranties of Lattice contained in this Agreement are true and correct in every respect as of the Effective Time (with modifications necessary to reflect the transactions contemplated by this Agreement);
- (e) a certificate signed by authorized representatives of Lattice that Lattice has fulfilled or complied in all material respects with each covenant of Lattice contained in this Agreement and the conditions precedent to be fulfilled or complied with by it on or prior to the Effective Time;
- (f) a TSX-V Escrow Agreement duly executed by each Lattice Stockholder as required by the TSX-V;
- (g) executed 'consents to act' for all of the Lattice Nominees (other than Guy Cook) to act as directors of Blackstone at the Effective Time pursuant to the Blackstone Board Reconstitution;
- (h) executed 'consents to act' for all incoming officers to act as officers of Blackstone at the Effective Time pursuant to the Blackstone Management Reconstitution;
- (i) copies of all the Lattice Consents each executed by Lattice and such counter-party whose consent is being obtained in connection with Closing (excluding the signature of Blackstone and the Blackstone Sub, where such signatures a required);
- (j) Accredited Investor Certificates executed by each Lattice Stockholder;
- (k) a certificate of good standing of Lattice in its jurisdiction of organization as of the Closing Date; and
- (l) such other materials that are, in the opinion of Blackstone acting reasonably, required to be delivered by Lattice in order for them to meet their obligations under this Agreement.

#### **14.2 Deliveries by Blackstone**

At the Closing, Blackstone will deliver to Lattice:

- (a) certified true copies of the resolutions of the Blackstone Board evidencing the approval of this Agreement, the Transaction and all of the transactions of Blackstone contemplated hereunder, including without limitation to the Lattice Acquisition, the Blackstone Board Reconstitution, the Blackstone Management Reconstitution, the Blackstone Financing, the Blackstone Financing Finder's Fee, the Haywood Success Fee, the settlement of the Blackstone Debt and the issuance of the Blackstone Debt Settlement Subscription Receipts the Blackstone Share Consolidation, the Name Change, the issuance of the Blackstone Loan Warrants, the Filing Statement, any transactions otherwise contemplated hereby and such other matters as Lattice may reasonably request;
- (b) certified true copies of resolutions of the Blackstone Sub Board evidencing the approval of this Agreement, the Transaction and all of the transactions of the Blackstone Sub contemplated hereunder, including without limitation to, the Merger;
- (c) confirmation from Blackstone's transfer agent that Blackstone has issued in escrow sufficient Blackstone Post-Consolidated Shares and Blackstone Non-Voting Restricted Shares to satisfy the Lattice Consideration payable to Lattice Stockholders;
- (d) confirmation from Blackstone's transfer agent that Blackstone has issued in escrow sufficient Blackstone Post-Consolidated Shares to satisfy the Haywood Success Fee payable to Haywood;
- (e) resignations of the directors and officers of Blackstone pursuant to Sections 4.1 and 4.2 of this Agreement;
- (f) evidence satisfactory to Lattice, acting reasonably, that the Financing Proceeds have been released to Blackstone;
- (g) evidence satisfactory to Lattice, acting reasonably, that the Blackstone Debt Settlement Subscription Receipts have converted into Blackstone Shares;
- (h) confirmation from Blackstone's transfer agent that Blackstone has completed the Blackstone Share Consolidation;
- (i) certificates representing 500,000 Blackstone Loan Warrants issued to Grenville;
- (j) certificate of Name Change from the Registrar;
- (k) a certificate signed by an officer of Blackstone confirming that the representations and warranties of Blackstone and the Blackstone Sub contained in this Agreement are true and correct in every respect as of the Effective Time (with modifications necessary to reflect the transactions contemplated by this Agreement);
- (l) a certificate signed by authorized representatives of Blackstone that Blackstone and the Blackstone Sub have fulfilled or complied in all material respects with each of the covenants of Blackstone and the Blackstone Sub contained in this Agreement and the conditions precedent to be fulfilled or complied with by each of them on or prior to the Effective Time;
- (m) a certificate of good standing of Blackstone in its jurisdiction of organization as of the Closing Date;

- (n) a TSX-V Escrow Agreement duly executed by such Blackstone Shareholders as required by the TSX-V;
- (o) copies of all the Lattice Consents countersigned by Blackstone and the Blackstone Sub obtained in connection with Closing where the Lattice Consents require such signatures; and
- (p) such other materials that are, in the opinion of Lattice acting reasonably, required to be delivered by Blackstone in order for it to meet its obligations under this Agreement.

### **14.3 Deliveries by the Blackstone Sub**

At the Closing, the Blackstone Sub will (or Blackstone will cause the Blackstone Sub) to deliver to Lattice the following documents:

- (a) a certified true copy of the resolutions of the Blackstone Sub Board evidencing that the Blackstone Sub Board has approved this Agreement, the Merger and all of the transactions of the Blackstone Sub contemplated hereunder and the resolutions will include specific reference to the business combination between Lattice, Blackstone and the Blackstone Sub as contemplated by this Agreement;
- (b) a certified true copy of Blackstone Sub Shareholder Resolution, which will include specific reference to the business combination between Lattice, Blackstone and the Blackstone Sub as contemplated by this Agreement;
- (c) a certificate signed by authorized representatives of the Blackstone Sub and Blackstone that the representations and warranties of the Blackstone Sub contained in this Agreement are true and correct in every respect as of the Effective Time (with modifications necessary to reflect the transactions contemplated by this Agreement);
- (d) a certificate signed by authorized representatives of the Blackstone Sub that the Blackstone Sub has fulfilled or complied in all material respects with each of the covenants of the Blackstone Sub contained in this Agreement and the conditions precedent to be fulfilled or complied with by it on or prior to the Effective Time;
- (e) a certificate of good standing of the Blackstone Sub in its jurisdiction of organization as of the Closing Date;
- (f) delivery of evidence that the Merger has been completed; and
- (g) such other materials that are, in the opinion of Lattice acting reasonably, required to be delivered by the Blackstone Sub in order for them to meet their obligations under this Agreement.

## **15. ESCROW REQUIREMENTS**

The Parties acknowledge that the TSX-V will require some or all of the Blackstone securities issued pursuant to the Transaction (including the Merger), to be held in escrow pursuant to the requirements of the TSX-V or Applicable Laws. The Parties further acknowledge that these escrowed Blackstone securities will be held in escrow pursuant to a TSX-V Policies and released, over time, as determined by the TSX-V. The Parties agree that the terms of the escrow will be negotiated by counsel for Lattice, counsel for Blackstone, and the TSX-V, and the Parties agree to take all commercially reasonable action necessary to obtain the agreement of each securityholder whose Blackstone securities are required to be placed in escrow, to comply with the requirements of this Section.

**16. ORDINARY COURSE**

Until the Effective Time, neither Lattice, Blackstone, nor the Blackstone Sub will, without the prior written consent of Lattice and Blackstone, enter into any contract in respect of its business or assets, other than in the ordinary course of business, and each Party will continue to carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Transaction, and, without limitation, but subject to the above exceptions, will maintain payables and other liabilities at levels consistent with past practice, will not engage in any extraordinary material transactions and will make no distributions, dividends or special bonuses, will not repay any shareholders' loans, or enter into or renegotiate any employment or consulting agreement with any officer, in each case without the prior written consent of the other Parties which will not be unreasonably withheld, and will otherwise comply with its respective covenants as set forth hereunder.

**17. TERMINATION**

**17.1 By Lattice and Blackstone**

Each of Lattice and Blackstone will, in its sole discretion, have the right to terminate this Agreement:

- (a) if after the date of this Agreement, there will be enacted or made any Applicable Laws that makes consummation of the Transaction or the Merger illegal or otherwise prohibited or enjoins the Parties from consummating the Transaction or the Merger and such Applicable Law or enjoinder will have become final and non-appealable; or
- (b) if the Closing does not occur on or before the Drop Dead Date.

**17.2 By Lattice**

This Agreement may be terminated by Lattice:

- (a) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Blackstone or the Blackstone Sub set forth in this Agreement, that will have occurred that would cause the conditions set forth in Sections 12.1 or 12.2, of this Agreement not to be satisfied, and such conditions are incapable of being satisfied by the Drop Dead Date, as reasonably determined by Lattice; provided, however, that Lattice is not then in breach of this Agreement so as to cause any condition in Section 12.1 or 12.3 of this Agreement not to be satisfied; or

- (b) if Blackstone and/or the Blackstone Sub has breached or is in default of any material term of this Agreement and fails to cure or remedy such breach or default within fourteen (14) days after receiving written notice thereof from Lattice of such default.

### **17.3 By Blackstone**

This Agreement may be terminated by Blackstone:

- (a) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Lattice set forth in this Agreement that will have occurred that would cause the conditions set forth in Sections 12.1 or 12.3 of this Agreement not to be satisfied, and such conditions are incapable of being satisfied by the Drop Dead Date, as reasonably determined by Blackstone; provided, however, that Blackstone is not then in breach of this Agreement so as to cause any condition in Section 12.1, or 12.2 of this Agreement not to be satisfied; or
- (b) if Lattice has breached or is in default of any material term of this Agreement and fails to cure or remedy such breach or default within fourteen (14) days after receiving written notice thereof from Blackstone of such default.

- 17.4 Survival** – In the event this Agreement is terminated, the provision of Sections 11.6, 13.3, 17.4, 19 and 20.3 of this Agreement will survive the termination.

## **18. STANDSTILL AGREEMENT**

Each of Lattice, Blackstone and the Blackstone Sub hereby covenants and agrees that, from the date of this Agreement until completion of the transactions contemplated herein or the earlier termination hereof, Lattice, Blackstone and the Blackstone Sub will:

- (a) not, nor will it permit any of its officers, directors, employees, consultants or agents (including without limitation, investment bankers, attorneys and accountants) to, directly or indirectly, solicit, discuss, initiate, assist, facilitate, promote or encourage proposals or offers from, entertain or enter into discussions or negotiations with, or provide information relating to the securities, business, operations, affairs or financial condition of Lattice, Blackstone or the Blackstone Sub to any Person in connection with the Transaction, Merger or distribution of any securities of Lattice, Blackstone or the Blackstone Sub or any amalgamation, merger, consolidation, business combination, arrangement, restructuring, refinancing, sale of any material assets of Lattice, Blackstone or the Blackstone Sub; and
- (b) conduct its business only in, and not take any action except in, the usual, ordinary and regular course of business consistent with past practice,

unless such action, matter or transaction is part of the transactions contemplated in this Agreement (including without limitation the Blackstone Financing) or is satisfactory to, and is approved in writing in advance by Lattice and Blackstone or is necessary to carry on the normal course of business.

## **19. PUBLIC DISCLOSURE**

### **19.1 Restrictions on Disclosure.**

No disclosure or announcement, public or otherwise, in respect of this Agreement, the Merger, the Blackstone Board Reconstitution, the Blackstone Management Reconstitution, Blackstone Financing, the Blackstone Financing Finder's Fee, the Blackstone Share Consolidation, the Blackstone Loan Warrants, the Name Change or the transactions contemplated herein will be made by any Party without the prior agreement of Lattice and Blackstone as to timing, content and method, provided that the obligations herein will not prevent any Party from making such disclosure as its counsel (acting reasonably) advises is required by Applicable Laws. Where such an announcement is required by Applicable Laws, the Party required to make the announcement will inform the other Parties of the contents of the proposed announcement and will make reasonable efforts to obtain the other Parties' approval for the announcement, which approval may not be unreasonably withheld.

## 19.2 Confidentiality.

All of the information that is non-public, confidential, and proprietary in nature, records, books and data to which each Party and/or their respective representatives (including but not limited to respective employees, officers, directors, shareholders, agents, lawyers, accountants, advisors, affiliates), are given access as set forth above including, but not limited to, that which relates to research, products, services, customers, markets, business policies or practices, unreleased developments, inventions, processes, designs, drawings, engineering, marketing, business plans or finances, the terms of any draft of this Agreement and all discussions between the Parties (the "**Confidential Information**"), will be used by such party solely for the purpose of analyzing the Transaction and the Parties of this Agreement and will be treated on a confidential basis. Blackstone and the Blackstone Sub covenant to Lattice, and Lattice covenants to Blackstone and the Blackstone Sub, that they/it will not at any time, other than in accordance with the terms of this Agreement, disclose the Confidential Information of the other to any person or entity without the prior written approval of the disclosing party, or use any such Confidential Information for any purpose, other than for the specific purpose of evaluating and negotiating the terms of the Transaction, unless specifically pre-approved in writing by the disclosing party, subject to required disclosure to regulatory authorities and as otherwise required by Applicable Laws. Each Party will maintain the confidential nature of the Confidential Information of the other in its possession by taking commercially reasonable steps to protect the information from unauthorized use, access and disclosure, which will be no less than those efforts made by the receiving party to protect its own confidential information. The receiving party may disclose Confidential Information of the other only to its employees, shareholders and consultants who have a 'need-to-know' for the purposes of evaluating and negotiation the Transaction. The parties covenant and agree to keep confidential all of the information including the Confidential Information obtained by it concerning the business and assets of the other including the terms of this Agreement except such information which:

- (a) prior to the date of this Agreement was already in the possession of the other;
- (b) is generally available to the public;
- (c) is required to be disclosed by a party to any regulatory body having jurisdiction over the Parties of this Agreement;
- (d) is required in the reasonable opinion of a party or its counsel to be disclosed to its shareholders, creditors or auditors; or

- (e) is made available to the other party on a non-confidential basis from a source other than a party to this Agreement, or their representatives.

The Parties further agree that such information will be disclosed only to those of its shareholders, creditors and the employees and representatives of their advisors who need to know such information for the purposes of evaluating and implementing the transactions contemplated hereby. Notwithstanding the foregoing provisions of this paragraph, the obligation to maintain the confidentiality of such information will not apply to the extent that disclosure of such information is required in connection with governmental, regulatory or other applicable filings or disclosures related to the transactions contemplated under this Agreement.

All such Confidential Information in written or electronic form will, at a Party's request, be promptly returned to the party originally delivering them in the event that the transactions provided for in this Agreement are not completed.

## **20. GENERAL**

### **20.1 Time.**

Time and each of the terms and conditions of this Agreement will be of the essence of this Agreement and any waiver by the Parties of this Section or any failure by them to exercise any of their rights under this Agreement will be limited to the particular instance and will not extend to any other instance or matter in this Agreement or otherwise affect any of their rights or remedies under this Agreement.

### **20.2 Further Assurances.**

The Parties hereto will execute and deliver all such further documents and instruments and do all such acts and things as any Party may, either before or after the Closing, reasonably require of the others in order that the full intent and meaning of this Agreement is carried out. The provisions contained in this Agreement which, by their terms, require performance by a Party to this Agreement subsequent to the Closing, will survive the Closing.

### **20.3 Expenses.**

The Parties will, other than as provided herein, pay their own costs, fees and expenses incurred in connection with the transactions contemplated herein.

### **20.4 Amendments.**

No alteration, amendment, modification or interpretation of this Agreement or any provision of this Agreement will be valid or binding upon the Parties hereto unless such alteration, amendment, modification or interpretation is in written form executed by all of the Parties to this Agreement.

### **20.5 Notices.**

Any notice, request, demand, election and other communication of any kind whatsoever to be given under this Agreement will be in writing and will be delivered by hand, emailed or mailed by prepaid registered post to the Parties at their following respective addresses:



(a) To Lattice:

Lattice Biologics Inc.  
16701 N 90<sup>th</sup> Street Ste #101  
Scottsdale, Arizona 85260

Attention: Guy Cook — CEO and Director  
Email: gcook@latticebiologics.com

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

Morton Law LLP  
1200 – 750 West Pender Street  
Vancouver, British Columbia, V6C 2T8

Attention: Jed M. Hops  
Email: jmh@mortonlaw.ca

(b) To Blackstone:

Blackstone Ventures Inc.  
Suite 1900 – 1055 West Hastings Street  
Vancouver, BC, V6E 2E9

Attention: Donald McInnes - CEO  
Email: dmcinnes@oxygencapitalcorp.com

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

Farris, Vaughan, Wills & Murphy LLP  
25<sup>th</sup> Floor, 700 W Georgia Street  
Vancouver, British Columbia, V7Y 1B3

Attention: Jay Sujir  
Email: jsujir@farris.com

or to such other addresses as may be given in writing by the Parties hereto in the manner provided for in this Section. Any notice delivered or emailed prior to 5:00 p.m. (*Vancouver time*) on a Business Day will be deemed to have been given and received on date of delivery or emailing, as the case may be. Any notice delivered or emailed after 5:00 p.m. (*Vancouver time*) on a Business Day, or on a day that is not a Business Day, will be deemed to have been given and received on the next Business Day following the date of delivery or emailing, as the case may be.

## **20.6 Assignment.**

This Agreement may not be assigned by any Party hereto without the prior written consent of all of Blackstone and Lattice.

## **20.7 Governing Law.**

This Agreement will be subject to, governed by, and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and the Parties hereby attorn to the exclusive jurisdiction of the courts of British Columbia.

**20.8 Counterparts.**

This Agreement may be executed in counterpart and by electronic means, and each copy so signed will be deemed to be an original, and all such counterparts together will constitute one and the same instrument.

**20.9 Severability.**

If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions will 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 will 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.

**20.10 Enurement.**

This Agreement will enure to the benefit of and be binding upon the Parties hereto and their respective successors, permitted assigns, trustees, representatives, heirs and executors.

*[Signature page follows]*

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

**LATTICE BIOLOGICS INC.**

Per:

*"Guy Cook"*

Name: Guy Cook

Title: Chief Executive Officer and Director

**BLACKSTONE VENTURES INC.**

Per:

*"Donald McInnes"*

Name: Donald McInnes

Title: Chief Executive Officer and Director

**5288423 DELAWARE INC.**

Per:

*"Donald McInnes"*

Name: Donald McInnes

Title: Treasurer

**SCHEDULE "A-1"****LATTICE BIOLOGICS INC.****Capital Structure as at the date of this Agreement**

Common Shares Issued and Outstanding	16,005
Warrants	0
Stock Options	0
Convertible Notes <sup>(1)</sup>	US\$1,050,000
<b>Total Issued and Outstanding Common Shares (<i>Fully Diluted</i>)</b>	<b>16,005</b>

**Note:**

- (1) These Convertible Notes comprised of four notes that have a face value of US\$1,050,000 in aggregate. These notes are convertible in the event of an initial public offering by Lattice and with respect to a reverse transaction involving Lattice. Subject to the Closing, (i) three note holders holding an aggregate amount of US\$550,000 have elected not to convert their Convertible Note on Closing; and (i) one note holder holding an aggregate amount of US\$500,000 has agreed to convert their Convertible Note into Lattice Shares (and then 614,018 ultimately Blackstone Post-Consolidated Shares and 2,560,585 Blackstone Non-Voting Restricted Shares on Closing). This conversion and issuance of Lattice Shares has been included in the number of common shares issued and outstanding above.

**SCHEDULE "A-2"****LATTICE BIOLOGICS INC.****Capital Structure Immediately Prior to Closing**

Common Shares Issued and Outstanding	16,005
Warrants	0
Stock Options	0
<hr/>	
Total Issued and Outstanding Common Shares ( <i>Fully Diluted</i> )	<b>16,005</b>
<hr/> <hr/>	

**SCHEDULE “A-3”****LATTICE BIOLOGICS INC.****Lattice Consideration**

**[Redacted names of non-Principal shareholders contained in list of the Lattice Consideration detailing the number of Blackstone shares being received for each Lattice share pre-merger.]**

Lattice Stock Holder	Pre-Merger	Post-Merger	
	No. of Lattice Shares	No. of Blackstone Post-Consolidated Shares	No. of Blackstone Non-Voting Restricted Shares
Guy Cook	9,427	4,435,279	18,480,141
Cheryl Farmer	2,400	1,129,168	4,704,819
	173	81,394	339,139
	696	327,459	1,364,398
	16	7,528	31,365
Mario Stifano	540	254,063	1,058,585
	324	152,438	635,151
Gregory Davis	324	152,438	635,151
	324	152,438	635,151
	238	111,976	466,561
	108	50,813	211,717
	43	20,231	84,295
	43	20,231	84,295
	43	20,231	84,295
Catherine Ann Russi Thomas, Trustee for the James F. and Arleen M. Russi Marital Trust	1,306	614,018	2,560,585
<b>TOTAL</b>	<b>16,005</b>	<b>7,529,705</b>	<b>31,375,648</b>

**Note:**

- (1) The Lattice Consideration represents an exchange ratio of 470 Blackstone Post-Consolidation Shares and 1,960 Blackstone Non-Voting Restricted Shares for each one Lattice Share (the “**Exchange Ratio**”). The Parties agree that Lattice may adjust the Exchange Ratio to re-allocate the combination of Blackstone Post-Consolidated Shares and Blackstone Non-Voting Restricted Shares issuable in consideration for the Lattice Shares. Notwithstanding the foregoing, the Parties agree that the aggregate total combination of 38,905,353 Blackstone Post-Consolidated Shares and Blackstone Non-Voting Restricted Shares set forth above will not be increased, subject to rounding.

**SCHEDULE "A-4"**

**LATTICE BIOLOGICS INC.**

**Accredited Investor Certificate**

*[Form Attached]*

**SCHEDULE "A-5-1"**

**LATTICE BIOLOGICS INC.**

Lattice Consents

By the Closing, Lattice is obtaining consents (in the form of assignment and assumption agreements) for the following::

1. Cook Note
2. Farmer Note
3. Royalty Purchase Agreement
4. Grenville Note Purchase Agreement
5. Grenville Note
6. IB Note and Asset Purchase Agreement
7. The employment agreements for each of Guy Cook, Cheryl Farmer and Greg Davis listed in Schedule "A-11"
8. Convertible Notes
9. MPSA
10. ATSF Lease
11. NP Lease



**SCHEDULE "A-5-2"**

**LATTICE BIOLOGICS INC.**

**Lattice Post-Closing Consents**

**[Redacted list of Lattice post-closing consents.]**

**SCHEDULE “A-6”**

**LATTICE BIOLOGICS INC.**

Conflicts

*Section 13.1(c)(i) and (z)(ii)*

- Redwood Note – Pursuant to the Redwood Note, the closing of the Transaction constitutes an “Event of Default” (as that term is defined under the Redwood Note) and the entire balance of the Redwood Note will become due and payable by Lattice to Redwood at the Closing.

**SCHEDULE "A-7"**

**LATTICE BIOLOGICS INC.**

Liabilities

*Section 13.1(r)(iii) and (r)(vi)*

As at September 30, 2015

**[Redacted list of liabilities of Lattice Biologics Inc. as at September 30, 2015.]**

**SCHEDULE "A-8"****LATTICE BIOLOGICS INC.****Security Interests***Section 13.1(n), (r)(iv) and (r)(v)(G)*

<b>Secured Party</b>	<b>Date Registered</b>	<b>Registration Number and State</b>	<b>Amount Owing (USD) <sup>(1)</sup></b>
Lifeshare	December 3, 2014	2011-164-2577-2 (State of Arizona)	\$304,411
Bibby	March 30, 2015	2015 1329845 (State of Delaware)	\$268,614
Guy Cook	July 27, 2015	- <sup>(3)</sup>	\$874,243
Cheryl Farmer	July 27, 2015	- <sup>(3)</sup>	\$157,976
Redwood	n/a <sup>(2)</sup>	n/a <sup>(2)</sup>	\$254,742
Grenville	August 6, 2015	2015 3424172 (State of Delaware)	\$669,762
IB	n/a	n/a	\$791,985

**Note:**

- (1) Amounts owing as at September 30, 2015.
- (2) To Lattice's knowledge this security interest has not been registered.
- (3) A registration number exists for this security interest, but this information has not been obtained by Lattice as at the date of this Agreement.

**SCHEDULE "A-9"**

**LATTICE BIOLOGICS INC.**

Leases

*Section 13.1(q)*

- ATSF Lease
- NP Lease

**SCHEDULE "A-10"**

**LATTICE BIOLOGICS INC.**

Litigation

*Section 13.1(v)*

- DCI Donor Services Inc. v. Lattice

**SCHEDULE "A-11"**

**LATTICE BIOLOGICS INC.**

Employment Agreements

*Section 13.1(w)(i)-(ii)*

- Employment Agreement between Guy Cook and Lattice Biologics Inc. dated April 10, 2014 which contains change of control provisions. This employment agreement will be amended and replaced with an employment agreement dated December 23, 2015, and will contain new change of control provisions.
- Employment Agreement between Cheryl Farmer and Lattice Biologics, Inc. dated February 18, 2015. This employment agreement will be amended and replaced with an employment agreement dated December 23, 2015, and will contain change of control provisions.
- Employment Agreement between Gregory Davis and Lattice Biologics, Inc. dated August 12, 2014
- Consulting Agreement dated September 20, 2013 between Lattice and Rhona Goldfarb
- Services Agreement dated April 30, 2015 with Robinette Struckel
- The Consulting Agreements

**SCHEDULE "A-12"**

**LATTICE BIOLOGICS INC.**

Material Contracts

*Section 13.1(z)*

- The Sponsorship Agreement
- Farmer Note
- Now CFO Settlement Letter
- Loan Agreement
- Convertible Notes
- Retail investor relations agreement dated August 12, 2015, between Lattice and Renmark Financial Communications Inc.
- Royalty Purchase Agreement
- Product procurement agreement dated August 17, 2015 between Lattice and VG Innovations, LLC
- Grenville Note Purchase Agreement
- Grenville Note
- Stock Re-Purchase Agreement dated February 9, 2015 between Lattice and Nic Stranberg as amended by Amendment No. 1 to Stock Re-Purchase Agreement dated May 6, 2015, and by Amendment No. 2 to Stock Re-Purchase Agreement dated July 1, 2015
- Stock Re-Purchase Agreement dated February 9, 2015 between Lattice and Jason Oropallo as amended by Amendment No. 1 to Stock Re-Purchase Agreement dated May 6, 2015, and by Amendment No. 2 to Stock Re-Purchase Agreement dated July 1, 2015
- Redwood Note
- Rent Roll lease arrangement as of June 17, 2015
- Engagement Agreement dated June 8, 2015 between Lattice and Silber Bennett Financial, Inc., dba Clear Growth Capital
- Haywood Agreement
- Material Transfer Agreement dated May 18, 2015 between Bone Solutions, Inc. and Lattice
- LifeShare Note - *This note is currently in default as disclosed in the Filing Statement.*
- IB Note





- [Redacted Non-Exclusive Distribution Agreement.]
- [Redacted Non-Exclusive Distribution Agreement.]
- NP Lease
- ATSF Lease
- Consulting Agreement dated September 20, 2013 between Lattice and Rhona Goldfarb

**SCHEDULE "A-13"**

**LATTICE BIOLOGICS INC.**

**Intellectual Property**

*Section 13.1(dd)(i), (dd)(iii) and (dd)(vi)*

**[Redacted list of Lattice intellectual property.]**

**SCHEDULE "A-14"**

**LATTICE BIOLOGICS INC.**

Licenses and Permits

*Section 13.1(kk)*

- AATB Accreditation
- FDA Establishment Registration and Listing for Human Cells, Tissues, and Cellular and Tissue-based Products (HCT/Ps)

**SCHEDULE “B-1”****BLACKSTONE VENTURES INC.****Capital Structure as at the date of this Agreement**

Common Shares Issued and Outstanding	11,673,426
Warrants	547,590 <sup>(1)</sup>
Stock Options	0
Subscription Receipts	5,234,000
<hr/>	
Total Issued and Outstanding Common Shares ( <i>Fully Diluted</i> )	<b>12,221,016<sup>(2)</sup></b>
<hr/>	

**Notes:**

1. This amount represents 547,590 Blackstone Finder's Warrants. These Blackstone Finder's Warrants will be consolidated on a 3 to 1 basis in connection with the Blackstone Share Consolidation prior to the Effective Time.
2. This amount does not include conversion of the 5,234,000 Blackstone Financing Subscription Receipts as they will convert only on closing of the Transaction.

**SCHEDULE “B-2”****BLACKSTONE VENTURES INC.****Capital Structure Immediately Prior to Closing**

Common Shares Issued and Outstanding	3,891,141 <sup>(1)</sup>
Warrants	182,530 <sup>(2)</sup>
Stock Options	0
Subscription Receipts	5,234,000 <sup>(3)</sup>
<hr/>	
Total Issued and Outstanding Common Shares ( <i>Fully Diluted</i> )	<b>4,073,671<sup>(4)</sup></b>
<hr/>	

**Notes:**

1. This amount assumes that the Blackstone Share Consolidation was completed (2,024,214 Blackstone Post-Consolidated Shares)
2. This amount assumes that the Blackstone Finder’s Warrants were consolidated in connection with the Blackstone Share Consolidation and represents a minimum 182,530 Blackstone Post-Consolidated Financing Finder’s Warrants.
3. This amount represents 5,234,000 Blackstone Financing Subscription Receipts.
4. This amount does not include conversion of the Blackstone Financing Subscription Receipts as they will convert only on closing of the Transaction.

**SCHEDULE “B-3”**

**BLACKSTONE VENTURES INC.**

Liabilities (CAD\$)

As at October 31, 2015

**[Redacted list of liabilities of Blackstone Ventures Inc. as at October 31, 2015.]**

**SCHEDULE "B-4"**

**BLACKSTONE VENTURES INC.**

Material Contracts

1. Lattice Loan Agreement
2. TSX-V Escrow Agreement
3. Sponsorship Agreement



**SCHEDULE “C-1”****RESULTING ISSUER****Capital Structure Immediately Following Closing**

Common Shares Issued and Outstanding	17,047,335 <sup>(1)</sup>
Non-Voting Restricted Shares	31,375,648
Warrants	3,299,529 <sup>(2)</sup>
Stock Options	0
Subscription Receipts	0
<hr/>	
Total Issued and Outstanding Common Shares <i>(Fully Diluted)</i>	51,722,512 <sup>(3)</sup>
<hr/> <hr/>	

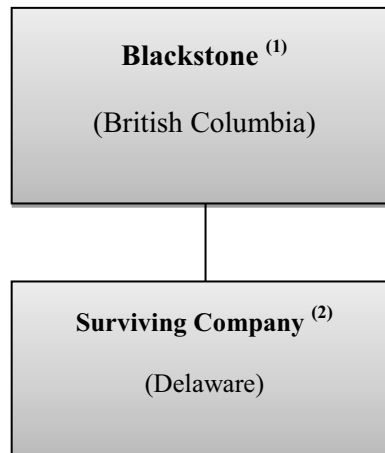
**Notes:**

- (1) This amount is comprised of:
- (i) 7,529,705 common shares held by former Lattice Stockholders;
  - (ii) 3,891,141 common shares held by Blackstone Shareholders;
  - (iii) 5,234,000 Blackstone Post-Consolidated Shares issued upon conversion of the Blackstone Financing Subscription Receipts; and
  - (iv) 392,489 common shares issued to Haywood as a success fee pursuant to the Haywood Agreement.
- (2) The amount is comprised of:
- (i) 500,000 Blackstone Loan Warrants;
  - (ii) 182,530 Blackstone Post-Consolidated Financing Finder’s Warrants; and
  - (iii) 2,616,999 Blackstone Financing Warrants.
- (3) This amount includes:
- (i) 17,047,335 Blackstone Post Consolidated Shares issued and outstanding at the Effective Time;
  - (ii) the conversion of 31,375,648 Blackstone Non-Voting Restricted Shares into 31,375,648 Blackstone Post-Consolidated Shares;
  - (iii) the issuance of a minimum 3,299,529 Blackstone Post Consolidated Shares upon exercise of the Blackstone Warrants;.

**SCHEDULE “C-2”**

**RESULTING ISSUER**

Organizational Structure Following Closing



**Notes:**

- (1) Blackstone will be the Resulting Issuer and change its name to Lattice Biologics Ltd. at the Effective Time.
- (2) The Blackstone Sub will be the Surviving Company and will change its name to Lattice Biologics Inc. at the Effective Time.