

PUREBASE CORP

FORM 10-Q (Quarterly Report)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended August 31, 2019

or

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____

Commission file number: 000-55517

PUREBASE CORPORATION

(Exact name of registrant as specified in its charter)

Nevada

(State or other Jurisdiction of
Incorporation or Organization)

27-2060863

(I.R.S. Employer
Identification No.)

8625 State Hwy. 124

Ione, CA

(Address of Principal Executive Offices)

95640

(Zip Code)

(888) 791-9474

(Registrant's telephone number, including area code)

(Former address)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of exchange on which registered
None	N/A	N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit). Yes [X] No []

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[]	Accelerated filer	[]
Non-accelerated filer	[X]	Smaller reporting company	[X]

Emerging Growth Company [X]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act: []

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [] No [X].

As of October 17, 2019, there were 141,347,173 shares of the registrant's common stock outstanding.

PUREBASE CORPORATION
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED AUGUST 31, 2019

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PART I – FINANCIAL INFORMATION

1. FINANCIAL STATEMENTS

PUREBASE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

August 31, 2019

November 30, 2018

ASSETS

Current Assets:

Cash and cash equivalents	\$ 93,547	\$ 8,281
Accounts receivable, net of allowances for uncollectables of \$11,137 and \$11,137, respectively	32,171	8,271
Prepaid expenses and other assets	-	7,738
Total Current Assets	125,718	24,290
Property and equipment, net	1,351	3,088
Mineral rights acquisition costs	200,000	200,000
Total Assets	\$ 327,069	\$ 227,378

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current Liabilities:

Accounts payable and accrued expenses	\$ 796,142	\$ 349,618
Stock payable	91,112	-
Note payable to officer	149,596	177,096
Due to affiliated entities	4,300,316	3,669,275
Notes payable, related party	25,000	25,000
Notes payable	1,000,000	1,000,000
Total Current Liabilities	6,362,166	5,220,989
Total Liabilities	6,362,166	5,220,989

Commitments and Contingencies

Stockholders' Deficit:

Preferred stock, \$.001 par value; 10,000,000 shares authorized; 0 and 0 shares issued and outstanding, respectively	-	-
Common stock, \$.001 par value; 520,000,000 shares authorized; 141,347,173 and 141,347,173 shares issued and outstanding, respectively	70,943	70,943
Additional paid-in capital	3,111,747	3,050,893
Accumulated deficit	(9,217,787)	(8,115,447)
Total Stockholders' Deficit	(6,035,097)	(4,993,611)
Total Liabilities and Stockholders' Deficit	\$ 327,069	\$ 227,378

The accompanying notes are an integral part of these unaudited condensed financial statements.

PUREBASE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Uaudited)

	For the Three Months Ended		For the Nine Months Ended	
	August 31, 2019	August 31, 2018	August 31, 2019	August 31, 2018
Revenue	\$ 161,322	\$ 236,440	\$ 347,780	\$ 541,651
Operating Expenses:				
Selling, general and administrative	632,022	285,923	1,266,291	1,151,542
Product fulfillment, exploration and mining expenses	49,889	40,645	136,341	201,916
Total Operating Expenses	<u>681,911</u>	<u>326,568</u>	<u>1,402,632</u>	<u>1,353,458</u>
Loss From Operations	(520,589)	(90,128)	(1,054,852)	(811,807)
Other Income (Expense):				
Other income (expense)	13	20	16	20
Interest expense	(15,859)	(15,869)	(47,504)	(53,132)
Total Income (Expense)	<u>(15,846)</u>	<u>(15,849)</u>	<u>(47,488)</u>	<u>(53,112)</u>
Net Loss	\$ (536,435)	\$ (105,977)	\$ (1,102,340)	\$ (864,919)
Loss per Common Share - Basic and Diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted Average Shares Outstanding - Basic and Diluted	<u>141,347,173</u>	<u>141,347,173</u>	<u>141,347,173</u>	<u>141,347,173</u>

The accompanying notes are an integral part of these unaudited condensed financial statements.

PUREBASE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE NINE MONTHS ENDED AUGUST 31, 2019
(Uaudited)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Stockholders' (Deficiency)
	Shares	Amount	Shares	Amount			
Balance at November 30, 2018	-	\$ -	141,347,173	\$ 70,943	\$ 3,050,893	\$ (8,115,447)	\$ (4,993,611)
Stock based compensation	-	-	-	-	60,854	-	60,854
Net loss	-	-	-	-	-	(1,102,340)	(1,102,340)
Balance as of August 31, 2019	<u>-</u>	<u>\$ -</u>	<u>141,347,173</u>	<u>\$ 70,943</u>	<u>\$ 3,111,747</u>	<u>\$ (9,217,787)</u>	<u>\$ (6,035,097)</u>

The accompanying notes are an integral part of these unaudited condensed financial statements.

PUREBASE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE NINE MONTHS ENDED AUGUST 31, 2018
(Uaudited)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Stockholders' (Deficiency)
	Shares	Amount	Shares	Amount			
Balance at November 30, 2017	-	\$ -	141,347,173	\$ 70,943	\$ 2,847,479	\$ (6,950,984)	\$ (4,032,562)
Stock based compensation	-	-	-	-	151,946	-	151,946
Net loss	-	-	-	-	-	(864,919)	(864,919)
Balance as of August 31, 2018	-	\$ -	141,347,173	\$ 70,943	\$ 2,999,425	\$ (7,815,903)	\$ (4,745,535)

The accompanying notes are an integral part of these unaudited condensed financial statements.

PUREBASE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE THREE MONTHS ENDED AUGUST 31, 2019
(Uaudited)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Stockholders' (Deficiency)
	Shares	Amount	Shares	Amount			
Balance at May 31, 2019	-	\$ -	141,347,173	\$ 70,943	\$ 3,111,344	\$ (8,681,352)	\$ (5,499,065)
Stock based compensation	-	-	-	-	-	403	-
Net loss	-	-	-	-	-	(536,435)	(536,435)
Balance as of August 31, 2019	-	\$ -	141,347,173	\$ 70,943	\$ 3,111,747	\$ (9,217,787)	\$ (6,035,097)

The accompanying notes are an integral part of these unaudited condensed financial statements.

PUREBASE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE THREE MONTHS ENDED AUGUST 31, 2018
(Uaudited)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Stockholders' (Deficiency)
	Shares	Amount	Shares	Amount			
Balance at May 31, 2018	-	\$ -	141,347,173	\$ 70,943	\$ 2,948,407	\$ (7,709,926)	\$ (4,690,576)
Stock based compensation	-	-	-	-	51,018	-	51,018
Net loss	-	-	-	-	-	(105,977)	(105,977)
Balance as of August 31, 2018	<u>-</u>	<u>\$ -</u>	<u>141,347,173</u>	<u>\$ 70,943</u>	<u>\$ 2,999,425</u>	<u>\$ (7,815,903)</u>	<u>\$ (4,745,535)</u>

The accompanying notes are an integral part of these unaudited condensed financial statements.

PUREBASE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Uaudited)

	For the Nine Months Ended	
	August 31, 2019	August 31, 2018
Cash Flows From Operating Activities:		
Net loss	\$ (1,102,340)	\$ (864,919)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt	-	11,137
Depreciation	1,736	9,427
Stock based compensation	60,854	151,946
Issuance of common stock for services	91,112	-
Changes in operating assets and liabilities:		
Accounts receivable	(23,900)	21,688
Prepaid expenses and other current assets	7,738	724
Due to affiliates	180,316	357,144
Accounts payable and accrued expenses	<u>446,525</u>	<u>(234,265)</u>
Net Cash Used In Operating Activities	(337,959)	(547,118)
Cash Flows From Financing Activities:		
Advances from related parties	450,725	667,000
Payments on due to officers	<u>(27,500)</u>	<u>(20,000)</u>
Net Cash Provided By Financing Activities	423,225	647,000
Net Increase In Cash	85,266	99,882
Cash - Beginning of Year	8,281	6,286
Cash - End of Year	\$ 93,547	\$ 106,168
Supplemental Cash Flow Information:		
Vendors paid by Affiliated Entities	\$ 23,403	\$ 168,867

The accompanying notes are an integral part of these unaudited condensed financial statements.

PUREBASE CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 – NATURE OF THE ORGANIZATION AND BUSINESS

Business Overview

PureBase Corporation (the “Company”) was incorporated in the State of Nevada on March 2, 2010, under the name Port of Call Online, Inc. to create a web-based service that would offer boaters an easy, convenient, fun, easy to use, online resource to help them plan and organize their boating trips. Pursuant to a corporate reorganization consummated on December 23, 2014, the Company changed its business focus to an exploration, mining and product marketing company engaged in identifying and developing advanced stage natural resource projects which, the Company believes, show potential to achieve full production. Effective January 12, 2015, the Company amended its articles of incorporation to change its name to PureBase Corporation. The Company, through its wholly-owned operating subsidiaries PureBase Agricultural, Inc., a Nevada corporation, (“PureBase AG”) and U.S. Agricultural Minerals, LLC, a Nevada limited liability company (“USAM”) is engaged in the identification, acquisition, exploration, development, mining and full-scale exploitation of its industrial and natural mineral properties in the United States for the agriculture and construction materials markets. On the agricultural side, the Company’s business is to develop agricultural specialized fertilizers, minerals and bio-stimulants for organic and sustainable agriculture. On the construction side, the Company is focused on developing construction sector-related products such as cements. The Company intends to provide for distribution of its products into each industry related market.

The Company is headquartered in Ione, California.

The Company’s activities are subject to significant risks and uncertainties including its ability to secure additional funding to pursue its operations.

Going Concern

The Company’s primary need for liquidity is to fund the working capital needs of the business. The accompanying unaudited condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has incurred net losses of approximately \$9.2 million since inception, including a net loss of approximately \$1.1 million for the nine months ended August 31, 2019. Additionally, the Company had a negative working capital of approximately \$6.2 million and \$5.2 million at August 31, 2019 and November 30, 2018, respectively, and has negative cash flows from operations of approximately \$338,000 during the nine months ended August 31, 2019. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. Management expects to incur additional losses in the foreseeable future and recognizes the need to raise capital to remain viable. The accompanying unaudited condensed consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

The Company’s plan, through potential acquisitions and the continued promotion of its services to existing and potential customers, is to generate sufficient revenues to cover its anticipated expenses. Although no assurances can be given as to the Company’s ability to deliver on its revenue plans, or that unforeseen expenses may arise. Management currently believes that the revenue to be generated from operations together with potential equity and debt financing or other potential financing will provide the necessary funding for the Company to continue as a going concern but cannot guarantee any debt or equity financing will be available, or if available, on favorable terms. As such, management does not believe that the Company has sufficient cash to operate for 12 months from the date of this report. If adequate funds are not available on acceptable terms, or at all, the Company will need to curtail operations, or cease operations completely.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed financial information as of and for the three and nine months ended August 31, 2019 and 2018 has been prepared in accordance with U.S. Generally Accepted Accounting Principles (“U.S. GAAP”) for interim financial information and with the instructions to Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, such financial information includes all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of the Company’s financial position at such date and the operating results and cash flows for such periods. Operating results for the three and nine months ended August 31, 2019 are not necessarily indicative of the results that may be expected for the entire year or for any other subsequent interim period.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations.

The unaudited condensed consolidated financial statements should be read in conjunction with the Company’s audited financial statements and footnotes thereto for the year ended November 30, 2018 filed with the Company’s Annual Report on Form 10-K, as filed with the U.S. Securities and Exchange Commission (“SEC”) on March 15, 2019.

Consolidation

The consolidated financial statements include the accounts of PureBase Corporation and its wholly-owned subsidiaries, PureBase AG and USAM. All significant intercompany accounts and transactions have been eliminated in consolidation.

Reclassifications

Certain previously reported amounts have been reclassified to conform to the current year’s presentation. The reclassification had no effect on the previously recorded income.

Accounts Receivable

Accounts receivable are reported at their outstanding unpaid principal balances net of allowances for doubtful accounts. The Company provides for allowances for doubtful receivables based on management’s estimate of uncollectible amounts considering age, collection history, and any other factors considered appropriate. The Company writes off accounts receivable against the allowance for doubtful accounts when a balance is determined to be uncollectible. As of August 31, 2019, and November 30, 2018, the Company’s allowance for doubtful accounts was \$11,137 and \$11,137, respectively.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 and its related amendments regarding Accounting Standards Codification Topic 606 (ASC Topic 606), *Revenue from Contracts with Customers*. The standard provides principles for recognizing revenue for transfer of promised goods or services to customers with the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted ASC Topic 606, effective December 1, 2018, utilizing the modified retrospective method. This approach was applied to contracts that were in process as of December 1, 2018. The adoption of ASC Topic 606 did not have an impact on the Company’s reported revenue or contracts in process at December 1, 2018. The reported results for the fiscal year 2019 reflect the application of ASC Topic 606, while the reported results for fiscal year 2018 are not adjusted and continue to be reported under ASC Topic 605. The Company now applies the five-step approach outlined in revenue standard ASC Topic 606:

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the performance obligation is satisfied

Basic and Diluted Net Loss Per Share

Basic and diluted earnings or loss per share (“EPS”) amounts in the consolidated financial statements are computed in accordance with ASC 260 – 10 “*Earnings per Share*”, which establishes the requirements for presenting EPS. Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share includes potentially dilutive securities such as outstanding warrants and stock options. The outstanding warrants and stock options have been excluded from the calculation of the diluted loss per share due to their anti-dilutive effect.

The following table summarizes the securities that were excluded from the diluted per share calculation because of the effect of including these potential shares was antidilutive due to the Company’s net loss position even though the exercise price could be less than the average market price of the common shares:

	Nine Months Ended	
	August 31, 2019	August 31, 2018
Stock options	550,000	500,000
Potentially dilutive securities	550,000	500,000
		Three Months Ended
	August 31, 2019	August 31, 2018
Stock options	550,000	500,000
Potentially dilutive securities	550,000	500,000

Use of Estimates and Assumptions

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and equity-based transactions at the date of the financial statements and the revenues and expenses during the reporting period. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company’s estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of the financial statements. Significant estimates include the allowance for doubtful accounts, useful lives of property and equipment, deferred tax asset and valuation allowance, assumptions used in Black-Scholes-Merton, or BSM, valuation methods, such as expected volatility, risk-free interest rate, and expected dividend rate.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using straight line depreciation methods over the estimated useful lives as follows:

Equipment	3-5 years
Autos and trucks	5 years

Major additions and improvements are capitalized. Costs of maintenance and repairs which do not improve or extend the life of the associated assets are expensed in the period in which they are incurred. When there is a disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in net income.

Cash and Cash Equivalents

The Company considers cash in banks, deposits in transit, and highly liquid debt instruments purchased with original maturities of three months or less to be cash and cash equivalents. The Company's accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") but, at times, may exceed federally insured limits. At August 31, 2019, no accounts exceeded FDIC limits.

Exploration Stage

In accordance with U.S. GAAP, expenditures relating to the acquisition of mineral rights are initially capitalized as incurred while exploration and pre-extraction expenditures are expensed as incurred until such time as the Company exits the Exploration Stage by establishing proven or probable reserves. Expenditures relating to exploration activities such as drill programs to establish mineralized materials are expensed as incurred. Expenditures relating to pre-extraction activities are expensed as incurred until such time proven or probable reserves are established for that project, after which expenditures relating to mine development activities for that particular project are capitalized as incurred.

Mineral Rights

Acquisition costs of mineral rights are capitalized as incurred while exploration and pre-extraction expenditures are expensed as incurred until such time as the Company exits the exploration stage by establishing proven or probable reserves, as defined by the SEC under Industry Guide 7, through the completion of a "final" or "bankable" feasibility study. Expenditures relating to exploration activities are expensed as incurred and expenditures relating to pre-extraction activities are expensed as incurred until such time proven or probable reserves are established for that project, after which subsequent expenditures relating to development activities for that particular project are capitalized as incurred.

Where proven and probable reserves have been established, the project's capitalized expenditures are depleted over proven and probable reserves upon commencement of production using the units-of-production method. Where proven and probable reserves have not been established, such capitalized expenditures are depleted over the estimated production life upon commencement of extraction using the straight-line method.

The carrying values of the mineral rights are assessed for impairment by management on a quarterly basis or when indicators of impairment exist. Should management determine that these carrying values cannot be recovered, the unrecoverable amounts are written off against earnings.

Shipping and Handling

The Company incurs shipping and handling costs which are charged back to the customer. The net amounts incurred were \$0 and \$578 included in general administrative expenses for the nine months ended August 31, 2019 and 2018, respectively.

Fair Value of Financial Instruments

The carrying value of cash, accounts receivable, accounts payable, accrued expenses, and advances approximate their fair values based on the short-term maturity of these instruments. The carrying amount of the Company's notes payable approximate fair value based on prevailing interest rates. As defined in ASC 820, "Fair Value Measurements and Disclosures," fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). This fair value measurement framework applies at both initial and subsequent measurement.

The three levels of the fair value hierarchy defined by ASC 820 are as follows:

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, marketable securities and listed equities.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reported date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category generally include non-exchange-traded derivatives such as commodity swaps, interest rate swaps, options and collars.
- Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Nonfinancial assets, such as property, plant and equipment, and nonfinancial liabilities are recognized at their carrying amounts in the Company's balance sheets. U.S. GAAP does not permit nonfinancial assets and liabilities to be remeasured at their fair values. However, U.S. GAAP requires the remeasurement of such assets and liabilities to their fair values upon the occurrence of certain events, such as the impairment of property, plant and equipment. In addition, if such an event occurs, U.S. GAAP requires the disclosure of the fair value of the asset or liability along with other information, including the gain or loss recognized in income in the period the remeasurement occurred.

The Company did not have any Level 1, Level 2 or Level 3 assets and liabilities as of August 31, 2019 and November 30, 2018.

Impairment of Long-lived Assets

The Company accounts for the impairment and disposition of long-lived assets in accordance with ASC 350, "*Intangibles – Goodwill and Other*" and ASC 360, "*Property and Equipment*". Long-lived assets to be held and used are reviewed for events or changes in circumstances that indicate that their carrying value may not be recoverable. The Company measures recoverability by comparing the carrying amount of an asset to the expected future undiscounted net cash flows generated by the asset. If it determines that the asset may not be recoverable, or if the carrying amount of an asset exceeds its estimated future undiscounted cash flows, the Company recognizes an impairment charge to the extent of the difference between the fair value and the asset's carrying amount. No impairment losses were recorded during the three and nine months ended August 31, 2019 and August 31, 2018.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The standard requires all leases that have a term of over 12 months to be recognized on the balance sheet with the liability for lease payments and the corresponding right-of-use asset initially measured at the present value of amounts expected to be paid over the term. Recognition of the costs of these leases on the income statement will be dependent upon their classification as either an operating or a financing lease. Costs of an operating lease will continue to be recognized as a single operating expense on a straight-line basis over the lease term. Costs for a financing lease will be disaggregated and recognized as both an operating expense (for the amortization of the right-of-use asset) and interest expense (for interest on the lease liability). This standard will be effective for the Company's interim and annual periods beginning December 1, 2019 and must be applied on a modified retrospective basis to leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Early adoption is permitted. We are currently evaluating the timing of adoption and the potential impact of this standard on the Company's financial position, but we do not expect it to have a material impact on the Company's results of operations.

During the nine months ended August 31, 2019, there were several new accounting pronouncements issued by the Financial Accounting Standards Board. Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe the adoption of any of these accounting pronouncements has had or will have a material impact on the Company's consolidated financial statements.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>August 31, 2019</u>	<u>November 30, 2018</u>
Furniture and equipment	\$ 6,952	\$ 6,952
Machinery and equipment	35,151	35,151
Automobiles and trucks	25,061	25,061
	67,164	67,164
Less: accumulated depreciation	(65,813)	(64,077)
Property and equipment, net	<u>\$ 1,351</u>	<u>\$ 3,088</u>

Total depreciation expense for the three and nine months ended August 31, 2019 and 2018 was \$578 and \$2,247 and \$1,736 and \$9,427, respectively.

NOTE 4 – MINING RIGHTS

Placer Mining Claims Lassen County, CA

Placer Mining Claim Notices have been filed and recorded with the US Bureau of Land Management (the “BLM”) relating to 50 Placer mining claims identified as “USMC 1” thru “USMC 50” covering 1,145 acres of mining property located in Lassen County, California and known as the “Long Valley Pozzolan Deposit”. The Long Valley Pozzolan Deposit is a placer claims resource in which the Company holds non-patented mining rights to 1,145 acres of contiguous placer claims within the boundaries of a known and qualified Pozzolan deposit. These claims were assigned to the Company by one of its founders at his original cost basis of \$0. These claims require a payment of \$30,000 per year to the BLM.

Federal Preference Rights Lease in Esmeralda County NV

This Preference Rights Lease is granted by the BLM covering approximately 2,500 acres of land located in the Mount Diablo Meridian area of Nevada. Contained in the leased property is the Chimney 1 Potassium/Sulfur Deposit which consists of 15.5 acres of land fully permitted for mining operation which is situated within the 2,500 acres held by the Company. All rights and obligations under the Preference Rights lease have been assigned to the Company by US Mine Corp., a related party (“USMC”). These rights are presented at their cost of \$200,000. This lease requires a payment of \$7,503 per year to the BLM.

Snow White Mine located in San Bernardino County, CA – Deposit

On November 28, 2014 US Mining and Minerals Corporation entered into a Purchase Agreement in which US Mining and Minerals Corp. agreed to sell its fee simple property interest and certain mining claims to USMC. In contemplation of the Plan and Agreement of Reorganization, on December 1, 2014, USMC, a related party, assigned its rights and obligations under the Purchase Agreement to the Company pursuant to an Assignment of Purchase Agreement. As a result of the Assignment, the Company assumed the purchaser position under the Purchase Agreement. The Purchase Agreement involves the sale of approximately 280 acres of mining property containing 5 placer mining claims known as the Snow White Mine located near Barstow, California in San Bernardino County. The property is covered by a Conditional Use Permit allowing the mining of the property and a Plan of Operation and Reclamation Plan has been approved by San Bernardino County and the BLM. An initial deposit of \$50,000 was paid to escrow, and the agreement required the payment of an additional \$600,000 at the end of the escrow period. There was a delay in the seller receiving a clear title to the property and a fully permitted project, both of which were conditions to closing. In light of the foregoing, and the payment of another \$25,000, the parties agreed to extend the closing. Due to delays in the Company securing the necessary funding to close the purchase of the Snow White Mine property, John Bremer, a shareholder and a director of the Company, paid \$575,000 to acquire the property on or about October 15, 2015. Mr. Bremer will transfer title to the Company when the Company pays Mr. Bremer \$575,000 plus expenses. The mining claims require a minimum royalty payment of \$3,500 per year.

During the year ended November 30, 2017, USMC, agreed to offset the \$75,000 deposit against money owed to USMC. As a result, the purchase price is currently back to \$650,000 plus expenses. Mr. Bremer has not restricted the Company from continuing its exploration on the property or access to property in any way.

NOTE 5 – NOTES PAYABLE

The Company assumed a \$1,000,000 promissory note on November 24, 2014 in connection with the acquisition of USAM by the Company. The note bears simple interest at an annual rate of 5% and the principal and accrued interest were payable on May 1, 2016. Upon the occurrence of an event of default, which includes voluntary or involuntary bankruptcy, all unpaid principal, accrued interest and other amounts owing are immediately due, payable and collectible by the lender pursuant to applicable law. The balance of the note was \$1,000,000 at August 31, 2019 and November 30, 2018. The note is in default however, the Company continues to have discussions with holder of the note to extend the note under the same terms and conditions, but no assurances can be provided that the holder of the note will agree to such terms.

On February 26, 2016, the Company entered into a promissory note with Bayshore Capital Advisors, LLC, a major shareholder of the Company, for \$25,000 for working capital at an interest rate of 6% per annum. The note was payable August 26, 2016, or when the Company closes a bridge financing, whichever occurs first. The Company is in default on this note at August 31, 2019.

On August 31, 2017, the Company issued a note in the amount of \$197,096 to Arthur Scott Dockter, President, CEO and a director of the Company, to consolidate the total amounts due to and assumed by Mr. Dockter. The note to Mr. Dockter bears interest at 6% and is due upon demand. During the nine months ended August 31, 2019, the Company repaid \$27,500 towards the balance of the note. The balance on the note was \$149,596 and \$177,096 as of August 31, 2019 and November 30, 2018, respectively.

NOTE 6 - COMMITMENTS AND CONTIGENCIES

Office and Rental Property Leases

The Company is using office space provided by USMC, a related party that is owned by the Company's majority shareholders and directors A. Scott Dockter and John Bremer. There is currently no lease for use of such office space.

Mineral Properties

The Company's mineral rights require various annual lease payments (See Note 4).

Legal Matters

On September 21, 2016 the Company its employment agreement with its then President, David Vickers. Subsequently, Mr. Vickers alleged claims of age discrimination, fraud in the inducement, violation of California Labor Code §970 and breach of contract against the Company. On April 14, 2017 the Company was served with a demand for arbitration of the above referenced claims. The arbitration proceeding is being handled by the Judicial Arbitration and Mediation Services, Inc. and is currently in the discovery phase. On June 5, 2018 the parties participated in a voluntary mediation but were unable to reach a resolution. The arbitration proceeding in which Mr. Vickers claimed approximately \$850,000 in damages was held in August 2019. A preliminary decision has been rendered in connection with the arbitration, however, the amount payable to Mr. Vickers has not yet been fully determined. As of the date of this report no additional meeting has been scheduled and the Company is waiting to hear from the arbitrator on a meeting date. The Company believes its exposure to be approximately \$400,000 as a result of the arbitration. The Company has appropriately accrued for all potential liabilities at August 31, 2019. While the Company believes the potential liability is limited to approximately \$400,000 there is, however, the potential for the arbitrator to render a ruling where the Company could be liable for more.

On August 30, 2018 the Company was named as a defendant in a complaint filed by Tessenderlo Kerley, Inc. (“Tessenderlo”) alleging trademark infringement relating to the plaintiff’s trademark PURSHADE and the Company’s product PureBase Shade Advantage. The Company filed its answer on September 21, 2018, denying the allegations set forth in the complaint. A settlement conference was held on June 11, 2019. The Company entered into a Settlement Agreement and Release (the “Settlement Agreement”) with Tessenderlo effective July 8, 2019. Pursuant to the Settlement Agreement the Company agreed, among other requirements for dissemination of information with its product, to make various changes to the packaging of its Purebase Shade Advantage products relating to the visual representation of the product’s names. Under the Settlement Agreement, each party fully released the other party from all existing claims and liabilities. There were no monetary damages as part of the Settlement Agreement. As a result of the Settlement Agreement, the case was dismissed on July 9, 2019.

On January 11, 2019, the Company filed a complaint in the Nevada District Court for Washoe County (Case # CV19-00097) against Agregeen International Corp (“Agregeen”) and Robert Hurtado alleging the misuse of proprietary and confidential information acquired by Mr. Hurtado while employed by the Company as VP of Agricultural Research and Development. Mr. Hurtado was terminated in March 2018 and since that time the Company alleges that he conspired with Agregeen to improperly use proprietary and confidential information to compete with the Company which constitute breaches of the non-compete and confidentiality provisions of his employment agreement with the Company. The Company is seeking \$100,000,000 in monetary damages. On March 14, 2019 Agregeen and Mr. Hurtado filed an answer to the Company’s Complaint that the allegations were false. An Early Case Conference was held on April 26, 2019 and a pre-trial conference was held on July 10, 2019. A trial is currently scheduled to be held in July 2020.

On March 29, 2019, the Company was served with a complaint filed by Superior Soils Supplements LLC (“Superior Soils”) relating to 64 truckloads of soil amendments delivered to a customer by the Company on behalf of Superior Soils. Superior Soils alleged that the soil amendments were not labeled correctly requiring the entire shipment of product to be returned to the Company. The complaint alleges breach of contract, misrepresentations, fraudulent concealment and unfair competition. The complaint seeks damages of approximately \$300,000. The Company filed its answer on May 6, 2019, denying responsibility for the mislabelling and denying any liability for damages therefrom.

Contractual Matters

On November 1, 2013, we entered into an agreement with USMC, a related party, in which USMC performs services relating to various technical evaluations and mine development services for the Company with regard to the various mining properties/rights owned by the Company. Terms of services and compensation will be determined for each project undertaken by USMC.

On October 12, 2018 the Company’s board of directors approved a material supply agreement with USMC, a related party, pursuant to which USMC will provide designated natural resources to the Company at predetermined prices.

Snow White Mine

The Company will need to pay Mr. Bremer, a director of both USMC and the Company, the sum of \$650,000 plus expenses, in order to obtain title to the Snow White Mine property. For a detailed explanation of the arrangement, see Note 4.

NOTE 7 – STOCKHOLDERS’ EQUITY

2017 Equity Incentive Plan

On November 10, 2017 the Company’s Board of Directors (the “Board”) approved the 2017 PureBase Corporation Stock Option Plan which is intended to be a qualified stock option plan (the “Option Plan”). The Board allocated up to 10,000,000 shares of the Company’s common stock to be issued pursuant to options granted under the Option Plan. The Option Plan was subsequently approved by shareholders on September 28, 2018. As of August 31, 2019, 50,000 options have been granted under the Option Plan.

The Company has also granted an aggregate of 500,000 options pursuant to employment contracts with certain employees prior to the adoption of the Option Plan.

There were no stock options granted during the nine months ended August 31, 2019 or August 31, 2018.

Compensation based stock option activity for qualified and unqualified stock options are summarized as follows:

	Shares	Weighted Average Exercise Price
Outstanding at December 1, 2018	550,000	\$ 2.74
Granted	-	-
Exercised	-	-
Expired or cancelled	-	-
Outstanding at August 31, 2019	550,000	\$ 2.74

The following table summarizes information about options to purchase shares of the Company's common stock outstanding and exercisable at August 31, 2019:

Range of Exercise Prices	Outstanding Options	Weighted- Average Remaining Life In Years	Weighted- Average Exercise Price	Number Exercisable
\$ 0.12	50,000	9.08	\$ 0.12	-
\$ 3.00	500,000	6.51	3.00	500,000
	550,000	7.00	\$ 2.74	500,000

The compensation expense attributed to the issuance of the options is recognized as they are vested.

Total compensation expense related to the options was \$403 and \$51,018 and \$60,854 and \$151,946 for the three and nine months ended August 31, 2019 and 2018, respectively. As of August 31, 2019, all outstanding stock options were fully vested.

Stock Payable

On October 23, 2018, the Company entered into an Investment Banking Engagement Agreement (the "Investment Agreement"), with Newbridge Securities Corporation ("Newbridge"). As per the Investment Agreement, Newbridge will provide investment banking and corporate advisory services to the Company. The initial term of the Investment Agreement was for three months and automatically renews for an additional nine months (the "Extended Term") unless either the Company or Newbridge provides written notice of termination to the other at least ten days prior to the end of the initial three-month term.

Upon execution of the Investment Agreement the Company was to issue 332,000 shares of the Company's restricted common stock, valued at \$43,160 to Newbridge. Upon the Extended Term the Company was to issue Newbridge an additional 333,000 shares of the Company's restricted common stock, valued at \$47,952. As of August 31, 2019, these shares had yet to be issued.

NOTE 8 – RELATED PARTY TRANSACTIONS

On February 26, 2016, the Company issued a promissory note in the principal amount of \$25,000 with an interest rate of 6% per annum to Bayshore Capital Advisors, LLC, a major shareholder of the Company for working capital purposes. The note was payable August 26, 2016, or when the Company closes a bridge financing, whichever occurs first. The Company is in default on this note at August 31, 2019.

The Company entered into a contract mining agreement with USMC, a company owned by the majority stockholders of the Company, A. Scott Dockter and John Bremer, pursuant to which USMC will provide various technical evaluations and mine development services to the Company. Services totaling \$72,848 and \$38,805 were rendered by USMC for the three months ended August 31, 2019 and 2018, respectively. Services totaling \$142,210 and \$185,932 were rendered by USMC for the nine months ended August 31, 2019 and 2018, respectively.

During the three months ended August 31, 2019, USMC paid \$8,178 of expenses to the Company's vendors and creditors on behalf of the Company and also made cash advances to the Company of \$56,000. During the nine months ended August 31, 2019, USMC paid \$23,403 of expenses to the Company's vendors and creditors on behalf of the Company and also made cash advances to the Company of \$469,125. The balance due to USMC is \$4,147,857 and \$3,669,275 at August 31, 2019 and November 30, 2018, respectively.

On August 31, 2017, the Company issued a note in the amount of \$197,096 to Arthur Scott Dockter, President, CEO and a director of the Company to consolidate the total amounts due to and assumed by Mr. Dockter. The note bears interest at 6% and is due upon demand. During the nine months ended August 31, 2019, the Company repaid \$27,500 towards the balance of the note. As of August 31, 2019, the principal balance due on this note is \$149,596.

The Company is using office space provided by USMC rent-free. There is currently no lease for its use of such office space.

NOTE 9 – CONCENTRATIONS OF CREDIT RISK

Accounts Receivable

Three customers accounted for 86% of the gross accounts receivable as of August 31, 2019, as set forth below:

Customer 1	32%
Customer 2	29%
Customer 3	26%

Two customers accounted for 100% of the gross accounts receivable as of November 30, 2018, as set forth below:

Customer 1	73%
Customer 2	27%

Revenues

Four customers accounted for 91% of the revenues as of August 31, 2019, as set forth below:

Customer 1	37%
Customer 2	24%
Customer 3	18%
Customer 4	12%

Four customers accounted for 84% of the revenues as of August 31, 2018, as set forth below:

Customer 1	36%
Customer 2	22%
Customer 3	15%
Customer 4	11%

Vendors

One supplier, a related party, accounted for 100% of purchases as of August 31, 2019 and November 30, 2018, respectively.

NOTE 10 – SUBSEQUENT EVENTS

On September 5, 2019, the Company entered into a Debt Exchange Agreement with USMC pursuant to which an aggregate of \$5,442,363 of debt, including accrued and unpaid interest, was converted to an aggregate of 60,248,484 shares of the Company's common stock at a per share conversion price of \$0.09.

On September 5, 2019, the Company entered into a Distribution Agreement with a third party pursuant to which the Company will provide, on a non-exclusive basis, rights to distribute the Company's products in Southeast Asia for a term of one year and shall automatically renew thereafter for successive one year terms.

On September 5, 2019, the Board approved to discontinue any and all mining and related activities at the Long Valley and Snow White projects.

On September 26, 2019, the Company entered into a securities purchase agreement with USMC pursuant to which USMC may purchase up to \$1 million of the Company's 5% unsecured convertible two-year promissory notes in one or more closings. However, there can be no assurances that USMC will purchase any such notes. Any amounts due under the notes, if any, may be converted by USMC into shares of the Company's common stock at a conversion price of \$0.16 per share.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q includes a number of forward-looking statements that reflect management's current views with respect to future events and financial performance. Forward-looking statements are projections in respect of future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other comparable terminology. These statements include statements regarding the intent, belief or current expectations of us and members of our management team, as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks set forth in the section entitled "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended November 30, 2018, as filed with the U.S. Securities and Exchange Commission (the "SEC") on March 15, 2019, any of which may cause our company's or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied in our forward-looking statements. These risks and factors include, by way of example and without limitation:

- absence of contracts with customers or suppliers;
- our ability to maintain and develop relationships with customers and suppliers;
- the impact of competitive products and pricing;
- supply constraints or difficulties;
- the retention and availability of key personnel;
- general economic and business conditions;
- substantial doubt about our ability to continue as a going concern;
- our need to raise additional funds in the future;
- our ability to successfully recruit and retain qualified personnel in order to continue our operations;
- our ability to successfully implement our business plan;
- our ability to successfully acquire, develop or commercialize new products;
- the commercial success of our products;
- the impact of any industry regulation;
- our ability to develop existing mining projects or establish proven or probable reserves;
- our dependence on one vendor for our minerals for our products;
- the impact of potentially losing the rights to properties; and
- the impact of the increase in the price of natural resources.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, or performance. Except as required by applicable law, including applicable securities laws, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

No assurances are made that actual results of operations or the results of our future activities will not differ materially from our assumptions.

As used in this Quarterly Report on Form 10-Q and unless otherwise indicated, the terms "Company," "we," "us," and "our" refer to PureBase Corporation and its wholly-owned subsidiaries PureBase Agricultural, Inc., a Nevada corporation ("PureBase AG") and U.S. Agricultural Minerals, LLC, a Nevada limited liability company, ("USAM").

Business Overview

The Company, through its wholly-owned operating subsidiaries PureBase AG and USAM, is in the business of pursuing interests in the field of industrial minerals and natural resources. The Company is engaged in the identification, acquisition, exploration, development, mining and full-scale exploitation of industrial and natural mineral properties in the United States for the agriculture and construction materials markets. On the agricultural side, the Company's business is to develop agricultural specialized fertilizers, minerals and bio-stimulants for organic and sustainable agriculture. On the construction side, the Company is focused on developing construction sector-related products such as cements. The Company intends to provide for distribution of its products into each industry related market.

Results of Operations

Comparison of the Three Months Ended August 31, 2019 to the Three Months Ended August 31, 2018

A comparison of the Company's operating results for the three months ended August 31, 2019 and 2018 are summarized as follows:

	2019	2018	Variance
Revenues	\$ 161,322	\$ 236,440	\$ (75,118)
Operating expenses:			
Selling, general & administrative	632,022	285,923	346,099
Product fulfillment, exploration and mining	49,889	40,645	9,244
Loss from operations	<u>(520,589)</u>	<u>(90,128)</u>	<u>(430,461)</u>
Other income (expenses)	(15,846)	(15,849)	3
Net Loss	<u>\$ (536,435)</u>	<u>\$ (105,977)</u>	<u>\$ (430,458)</u>

Revenues

Revenue decreased by \$75,118, or 32%, for the three months ended August 31, 2019, as compared to the three months ended August 31, 2018, primarily as a result of the following: (i) the Company provided four customers a credit totaling \$23,500 due to the issuance of incorrect pricing sheet, (ii) the Company's decision to no longer sell non-organic clay products and (iii) an approximate reduction in sales of \$42,000 to the Company's primary customer.

Operating Costs and Expenses

Selling, general and administrative expenses increased by \$346,099, or 121%, for the three months ended August 31, 2019, as compared to the three months ended August 31, 2018, primarily due to the accrual for the potential loss on litigation of \$400,000. This increase was partially offset by the following: (i) an approximate decrease of \$51,000 stock based compensation and (ii) an approximate decrease of \$20,500 in Website expenses and (iii) an increase in accrual for the potential loss on litigation of \$400,000.

Product fulfillment and exploration and mining expenses increased by \$9,244, or 23%, for the three months ended August 31, 2019, as compared to the three months ended August 31, 2018, primarily as a result of the majority of the Company's Shade Advantage sales occurring during the three months ended August 31, 2019.

Comparison of the Nine Months Ended August 31, 2019 to the Nine Months Ended August 31, 2018

A comparison of the Company's operating results for the nine months ended August 31, 2019 and 2018 are summarized as follows:

	2019	2018	Variance
Revenues	\$ 347,780	\$ 541,651	\$ (193,871)
Operating expenses:			
Selling, general & administrative	1,266,291	1,151,542	114,749
Product fulfillment, exploration and mining	136,341	201,916	(65,575)
Loss from operations	<u>1,054,852</u>	<u>(811,807)</u>	<u>243,045</u>
Other income (expenses)	(47,488)	(53,112)	5,624
Net Loss	<u>\$ (1,102,340)</u>	<u>\$ (864,919)</u>	<u>\$ 237,421</u>

Revenues

Revenue decreased by \$193,871, or 36%, for the nine months ended August 31, 2019, as compared to the nine months ended August 31, 2018, primarily as a result of the following: (i) the Company provided four customers a credit totaling \$23,500 due to the issuance of incorrect pricing sheet, (ii) the Company's decision to no longer sell non-organic clay products, (iii) an approximate reduction in sales of \$42,000 to the Company's primary customer, and (iv) a decrease in sales Soil Advantage of \$76,728 due to the Company discontinuing the line of product.

Operating Costs and Expenses

Selling, general and administrative expenses increased by \$114,749, or 10%, for the nine months ended August 31, 2019, as compared to the nine months ended August 31, 2018, primarily due to the accrual for the potential loss on litigation of \$400,000. The increase was partially offset by the following: (i) an approximate decrease of \$51,000 stock based compensation, (ii) an approximate decrease of \$20,500 in Website expenses, (iii) a decrease in payroll expenses of \$68,526 as a result of the Company reducing the number of employees from five to three and (iv) a decrease in travel expenses of \$36,342.

Product fulfillment, exploration and mining expenses decreased by \$65,575, or 32%, for the nine months ended August 31, 2019, as compared to the nine months ended August 31, 2018, as a result of a decrease in product orders during the three months ended August 31, 2019.

Other income (expense) decreased by \$5,624, or 11%, for the nine months ended August 31, 2019, as compared to the nine months ended August 31, 2018, as a result of the Company paying a portion of the note payable to A. Scott Dockter.

Liquidity and Capital Resources

As of August 31, 2019, we had cash on hand of \$93,547 and a working capital deficiency of \$6,236,448, as compared to cash on hand of \$8,281 and a working capital deficiency of \$5,196,699 as of November 31, 2018. The increase in working capital deficiency is mainly due to increases in due to affiliates of approximately \$630,000 and accounts payable and accrued expenses of approximately \$450,000 during the nine months ended August 31, 2019.

On September 5, 2019, the Company entered into a Debt Exchange Agreement with USMC pursuant to which an aggregate of \$5,442,363 of debt, including accrued and unpaid interest, was converted to an aggregate of 60,248,484 shares of the Company's common stock at a per share conversion of \$0.09.

On September 26, 2019, the Company entered into a securities purchase agreement with USMC pursuant to which USMC may purchase up to \$1 million of the Company's 5% unsecured convertible two-year promissory notes in a private offering, in one or more closings. However, there can be no assurances that USMC will purchase any such notes. Any amounts due under the notes, if any, may be converted by USMC into shares of the Company's common stock at a conversion price of \$0.16 per share.

Future Financing

We will require additional funds to implement our growth strategy for our business. We currently expect further exploration and development of our current or future projects and the sale of our agricultural products to continue generating sales revenues, but we do not expect revenues from these activities in the near term to cover our entire current operating expenses which we expect to increase as we implement our business plans. We do not believe that our current cash and cash equivalents will be sufficient to meet our working capital requirements for the next twelve-month period. We have had negative cash flow from operating activities as we have not yet begun to generate sufficient and consistent revenues to cover our operating expenses. Until we are able to establish a sufficient revenue stream from operations our ability to meet our current financial liabilities and commitments will be primarily dependent upon proceeds from outside capital sources including USMC which is an affiliated entity. There is no assurance that we will be able to obtain necessary amounts of capital or that our estimates of our capital requirements will prove to be accurate. Even if we are able to secure outside financing, it may not be available in the amounts or times when we require or on terms we find acceptable. If we are unable to raise sufficient capital we will be required to delay or forego some portion of our business plan, which would have a material adverse effect on our anticipated results from operations and financial condition or cease operations.

Furthermore, such outside financing would likely take the form of bank loans, private offerings of debt or equity securities, advances from affiliates or some combination of these. The issuance of additional equity securities would dilute the stock ownership of current investors while incurring loans, lines of credit or long-term debt by the Company would increase its cash flow requirements and possible loss of valuable assets if such obligations were not repaid in accordance with their terms and may subject the Company to restrictions on its operations and corporate actions.

Going Concern

The unaudited condensed consolidated financial statements presented in this Quarterly Report have been prepared under the assumption that the Company will continue as a going concern. The Company has accumulated losses from inception through August 31, 2019, of approximately \$9.2 million, as well as negative cash flows from operating activities. During the nine months ended August 31, 2019, the Company received net cash proceeds of approximately \$451,000 from USMC, an affiliated entity. Presently the Company does not have sufficient cash resources to meet its debt obligations in the twelve months following the date of this Quarterly Report. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management is in the process of evaluating various financing alternatives in order to finance the capital requirements of the Company. There can be no assurance that the Company will be successful with its fund-raising initiatives.

The consolidated financial statements do not include any adjustments that may be necessary should the Company be unable to continue as a going concern.

Working Capital Deficiency

Our working capital deficiency as of August 31, 2019, in comparison to our working capital deficiency as of November 30, 2018, can be summarized as follows:

	August 31, 2019	November 30, 2018
Current assets	\$ 125,718	\$ 24,290
Current liabilities	6,362,166	5,220,989
Working capital deficiency	<u>\$ 6,236,448</u>	<u>\$ 5,196,699</u>

The increase in current assets is primarily due to an increase in cash and accounts receivable of \$85,266 and \$23,900, respectively. A majority of current liabilities remained consistent during the nine month period ending August 31, 2019, however, due to affiliates increased approximately \$630,000 and accounts payable and accrued expenses increased approximately \$450,000 at August 31, 2019.

Cash Flows

	Nine Months Ended August 31,	
	2019	2018
Net cash used in operating activities	\$ (337,959)	\$ (547,118)
Net cash provided by financing activities	423,225	647,000
Increase in cash	<u>\$ 85,266</u>	<u>\$ 99,882</u>

Operating Activities

Net cash used in operating activities was \$337,959 for the nine months ended August 31, 2019. This was primarily due to the net loss of \$1,102,340 and an increase in accounts receivable of \$23,900, which was partially offset by the following: (i) issuances of common stock for services of \$91,112, (ii) stock-based compensation related to stock options of \$60,854, (iii) an increase in due to affiliates of \$180,316 and (iv) an increase in accounts payable and accrued expenses of \$446,525.

Net cash used in operating activities was \$547,118 for the nine months ended August 31, 2018. This was primarily due to the net loss of \$864,919, which was partially offset by an increase in amounts due to affiliates of \$357,144 and a decrease in accounts payable and accrued expenses of \$234,265.

Financing Activities

For the nine months ended August 31, 2019, net cash provided by financing activities was \$423,225, which was due to cash advanced to the Company by USMC of \$450,725 and offset by payments on a note payable to officer of \$27,500.

For the nine months ended August 31, 2018, net cash provided by financing activities was \$647,000, which was primarily due to cash advanced to the Company by USMC of \$667,000.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Effects of Inflation

We do not believe that inflation has had a material impact on our business, revenues or operating results during the periods presented.

Critical Accounting Policies and Procedures

Our significant accounting policies are more fully described in the notes to our financial statements included herein for the quarter ended August 31, 2019, and in the notes to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended November 30, 2018, as filed with the SEC on March 15, 2019.

Recently Adopted Accounting Pronouncements

Our recently adopted accounting pronouncements are more fully described in Note 2 to our financial statements herein for the quarter ended August 31, 2019.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide the information required by this Item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. In designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives.

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation and subject to the foregoing, our principal executive officer and principal financial officer concluded that, our disclosure controls and procedures were not effective as of the end of the period covered by this report due to the material weakness(es) in internal control over financial reporting described in our annual report on Form 10-K for the fiscal year ended November 30, 2018.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended August 31, 2019 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Except as set forth below, there are no pending legal proceedings to which the Company or its subsidiaries are a party or in which any director, officer or affiliate of the Company, any owner of record or beneficially or more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company. The Company's property is not the subject of any pending legal proceedings.

On September 21, 2016 the Company terminated its employment agreement with its then President, David Vickers. Subsequently, Mr. Vickers alleged claims of age discrimination, fraud in the inducement, violation of California Labor Code §970 and breach of contract against the Company. On April 14, 2017, the Company was served with a demand for arbitration of the above referenced claims. The arbitration proceeding is being handled by the Judicial Arbitration and Mediation Services, Inc. and is currently in the discovery phase. On June 5, 2018 the parties participated in a voluntary mediation but were unable to reach a resolution. The arbitration proceeding in which Mr. Vickers claimed approximately \$850,000 in damages was held in August 2019. A preliminary decision has been rendered in connection with the arbitration, however, the amount payable to Mr. Vickers has not yet been fully determined. As of the date of this report no additional meeting has been scheduled and the Company is waiting to hear from the arbitrator on a meeting date. The Company believes its exposure to be approximately \$400,000 as a result of the arbitration. The Company believes its exposure to be approximately \$400,000 as a result of the arbitration. The Company has appropriately accrued for all potential liabilities at August 31, 2019. While the Company believes the potential liability is limited to approximately \$400,000 there is, however, the potential for the arbitrator to render a ruling where the Company could be liable for more.

On August 30, 2018 the Company was named as a defendant in a complaint filed by Tessenderlo Kerley, Inc. ("Tessenderlo") alleging trademark infringement relating to the plaintiff's trademark PURSHADE and the Company's product PureBase Shade Advantage. The Company filed its answer on September 21, 2018, denying the allegations set forth in the complaint. A settlement conference was held on June 11, 2019. The Company entered into a Settlement Agreement and Release (the "Settlement Agreement") with Tessenderlo effective July 8, 2019. Pursuant to the Settlement Agreement the Company agreed, among other requirements for dissemination of information with its product, to make various changes to the packaging of its Purebase Shade Advantage products relating to the visual representation of the product's names. Under the Settlement Agreement, each party fully released the other party from all existing claims and liabilities. There were no monetary damages as part of the Settlement Agreement. As a result of the Settlement Agreement, the case was dismissed on July 9, 2019.

On January 11, 2019, the Company filed a complaint in the Nevada District Court for Washoe County (Case # CV19-00097) against Agregeen International Corp ("Agregeen") and Robert Hurtado alleging the misuse of proprietary and confidential information acquired by Mr. Hurtado while employed by the Company as VP of Agricultural Research and Development. Mr. Hurtado was terminated in March 2018 and since that time the Company alleges that he conspired with Agregeen to improperly use proprietary and confidential information to compete with the Company which constitute breaches of the non-compete and confidentiality provisions of his employment agreement with the Company. The Company is seeking \$100,000,000 in monetary damages. On March 14, 2019 Agregeen and Mr. Hurtado filed an answer to the Company's Complaint that the allegations are false. An Early Case Conference was held on April 26, 2019 and a pre-trial conference was held on July 10, 2019. A trial is currently scheduled to be held in July 2020.

On March 29, 2019, the Company was served with a complaint filed by Superior Soils Supplements LLC (“Superior Soils”) relating to 64 truckloads of soil amendments delivered to a customer by the Company on behalf of Superior Soils. Superior Soils alleged that the soil amendments were not labeled correctly requiring the entire shipment of product to be returned to the Company. The complaint alleges breach of contract, misrepresentations, fraudulent concealment and unfair competition. The complaint seeks damages of approximately \$300,000. The Company filed its answer on May 6, 2019, denying responsibility for the mislabelling and denying any liability for damages therefrom.

ITEM 1A. RISK FACTORS

As a smaller reporting company, as defined by Rule 12b-2 of the Exchange Act, we are not required to provide the information required by this Item.

Investors should carefully consider the risk factors included in the “Risk Factors” section of our Annual Report on Form 10-K for our fiscal year ended November 30, 2018 (the “Annual Report”), as filed with SEC on March 15, 2019. The Company’s business, operating results and financial condition could be adversely affected due to any of those risks.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES

There were no sales of equity securities during the period covered by this Report that were not registered under the Securities Act and were not previously reported in a Current Report on Form 8-K filed by the Company.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Except as set forth below, there are no defaults upon senior securities that were not previously reported in a Current Report on Form 8-K by the Company.

The Company assumed a \$1,000,000 promissory note on November 24, 2014 in connection with its acquisition of USAM. The note bears interest at an annual rate of 5% and the principal and accrued interest were due and payable on May 1, 2016. Upon the occurrence of an event of default, which includes voluntary or involuntary bankruptcy, all unpaid principal, accrued interest and other amounts owing are immediately due, payable and collectible by the lender pursuant to applicable law. The principal and accrued interest balance of the note outstanding as of the date of this Report was \$1,229,781. The Note is in default, however, the Company continues to have discussions with the note holder to extend the maturity date of the note under the same terms and conditions. No assurances can be provided that the note holder will agree to such terms.

On February 26, 2016, the Company entered into a promissory note with Bayshore Capital Advisors, LLC, a major shareholder of the Company, for \$25,000 for working capital purposes at an interest rate of 6% per annum. The note is payable on the earlier of August 26, 2016, or upon the closing of a bridge financing by the Company. The note is currently in default. The amount of outstanding principal and accrued interest due on this note as of the date of this Report is \$27,126.

On August 31, 2017, the Company issued a 6% promissory note in the amount of \$197,096 to A. Scott Dockter. The note is due on demand. As of the date of this Report, the balance due on this Note including accrued interest was \$176,327.

ITEM 4. MINE SAFETY DISCLOSURES

There are no mine safety violations or other regulatory matters to be disclosed which occurred during the nine months ended August 31, 2019.

ITEM 5. OTHER INFORMATION

On September 5, 2019, the Board approved to discontinue any and all mining and related activities at the Long Valley and Snow White projects.

On September 26, 2019, the Company entered into a securities purchase agreement with USMC pursuant to which USMC may purchase up to \$1 million of the Company's 5% unsecured convertible two-year promissory notes in one or more closings. However, there can be no assurances that USMC will purchase any such notes. Any amounts due under the notes, if any, may be converted by USMC into shares of the Company's common stock at a conversion price of \$0.16 per share.

ITEM 6. EXHIBITS

The following exhibits are included as part of this Quarterly Report:

Exhibit Number	Description
(4)	Instruments Defining the Rights of Security Holders, including Indentures
4.1*	Securities Purchase Agreement by and between the Company and US Mine Corp, dated September 26, 2019
(10)	Material Agreements
10.1*	Distribution Agreement by and Between the Company and New Ag Technologies, Inc., Dated September 5, 2019
10.2	Debt Exchange Agreement by and between the Company and US Mine Corp, dated September 5, 2019 (incorporated by reference to Exhibit No. 10.10 to our Current Report on Form 8-K filed on September 10, 2019)
10.3*	Form of 5% Convertible Note associated with the Securities Purchase Agreement by and between the Company and US Mine Corp, Dated September 26, 2019
(31)	Rule 13a-14(a)/15d-14(a) Certifications
31.1*	Section 302 Certification under the Sarbanes-Oxley Act of 2002 of the Chief Executive Officer and Chief Financial Officer
(32)	Section 1350 Certifications
32.1*	Section 906 Certification under the Sarbanes-Oxley Act of 2002 of the Chief Executive Officer and Chief Financial Officer
(101)*	Interactive Data Files
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* *Filed herewith.*

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PUREBASE CORPORATION

By: /s/ A. Scott Dockter

A. Scott Dockter
Chief Executive Officer, Chief Financial Officer
(Principal Executive Officer and Principal Financial
and Accounting Officer)
Date: October 18, 2019

SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT (this "Agreement"), dated as of September 26, 2019, entered into by and between PureBase Corporation, a Nevada corporation (the "Company"), and US Mining Corp., a Nevada corporation, and an affiliate of the Company (the "Buyer").

WITNESSETH:

WHEREAS, the Company and the Buyer are executing and delivering this Agreement in reliance upon an exemption from securities registration pursuant to Section 4(a)(2) and/or Rule 506 of Regulation D ("Regulation D") as promulgated by the U.S. Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "Securities Act"); and

WHEREAS, the parties desire that, upon the terms and subject to the conditions contained herein, the Company shall sell to the Buyer, and the Buyer shall purchase from the Company, as provided herein, up to a maximum of \$1,000,000 principal amount (the "Maximum Amount") at a purchase price of 100% (par) of the face value (the "Purchase Price") of the Company's 5.0% unsecured convertible two-year promissory notes (the "Notes") (the "Note Offering").

WHEREAS, at any time during the term of the Notes, the Buyer, or subsequent registered holder of the Note, may, in its sole discretion, elect to convert all or a portion of the outstanding principal amount of such Note and all accrued but unpaid interest due thereon into shares of common stock of the Company ("Conversion Shares") at a fixed conversion price of \$0.16 per Conversion Share (the "Conversion Price"); and

NOW, THEREFORE, in consideration of the mutual covenants and other agreements contained in this Agreement, the Company and the Buyer hereby agree as follows:

I. PURCHASE AND SALE OF NOTES.

(a) **Purchase of Notes.** Subject to the satisfaction (or waiver) of the terms and conditions of this Agreement, the Buyer agrees to purchase at each Closing (as defined below), and the Company agrees to sell and issue to the Buyer at each Closing, a Note in principal amount set forth on the Buyer Omnibus Signature Page, attached hereto as Annex A affixed hereto (the "Subscription Amount"). The Notes shall be substantially in the form attached as Exhibit A to this Agreement. Upon the Buyer's execution of this Agreement on the Buyer Omnibus Signature Page, and the Buyer's completion of the Accredited Investor Certification, the Investor Profile, the Anti-Money Laundering Information Form, and, if applicable, the Wire Transfer Authorization (each attached hereto), the Buyer shall wire transfer the Subscription Amount set forth on its Buyer Omnibus Signature Page, in same-day funds, in accordance with the instructions set forth on the Buyer Omnibus Signature Page.

(b) **Closing Date.** The initial closing of the purchase and sale of the Notes (the "Closing") shall take place at 10:00 a.m. New York time on or before the fifth (5th)

business day following the satisfaction of the conditions to the Closing set forth herein and in Sections 5 and 6 below (or such later date as is mutually agreed to by the Company and the Buyer. There may be multiple Closings until such time as subscriptions for the sale of the Notes up to the Maximum Amount are accepted (the date of any such Closing is hereinafter referred to as a "Closing Date"). Each Closing shall occur on a Closing Date at the offices of The Crone Law Group, P.C., 500 Fifth Avenue, Suite 938, New York, New York 10110 (or such other place as is mutually agreed to by the Company and the Buyer).

(c) Acceptance of Subscriptions. The Buyer understands and agrees that the Company, in its sole and absolute discretion, reserves the right to accept or reject this or any other subscription for the Notes, in whole or in part. If the subscription is rejected in whole or the offering of the Notes is terminated, all funds received from the Buyer will be promptly returned without interest or offset, and this subscription shall thereafter be of no further force or effect. If this subscription is rejected in part, the funds for the rejected portion of this subscription will be returned without interest or offset, and this subscription will continue in full force and effect to the extend this subscription was accepted.

(d) Registration Rights. The Buyer understands that the Company has no obligation to register the Notes or the Conversion Shares for resale under federal or state securities laws.

(e) Offering Period. The Note Offering will be conducted for one (1) year from the date hereof and may be extended by the Company, in its sole discretion, for up to an additional ninety (90) calendar days.

(f) Right to Increase Maximum Amount. The Company, in its sole discretion, may determine to increase the Maximum Amount of the Note Offering above the present Maximum Amount of \$1,000,000.

2. BUYER'S REPRESENTATIONS AND WARRANTIES.

The Buyer represents and warrants that:

(a) Investment Purpose. The Buyer is acquiring the Notes, and, upon conversion of the Notes, the Buyer will acquire the Conversion Shares (the Note and Conversion Shares being hereinafter referred to collectively as the "Securities"), for its own account for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof, except pursuant to sales registered or exempted under the Securities Act; provided, however, that by making the representations herein, the Buyer reserves the right to dispose of the Securities at any time in accordance with or pursuant to an effective registration statement covering such Securities, or an available exemption under the Securities Act. The Buyer agrees not to sell, hypothecate or otherwise transfer the Securities unless such Securities are registered under the federal and applicable state securities laws or unless, in the opinion of counsel satisfactory to the Company, an exemption from such law is available.

(b) Residence of Buyer. The Buyer resides in the jurisdiction set forth on the Buyer Omnibus Signature Page affixed hereto.

(c) Accredited Investor Status. The Buyer meets the requirements of at least one of the suitability standards for an "Accredited Investor" as that term is defined in Rule 501(a)(3) of Regulation D, for the reason set forth on the Accredited Investor Certification attached hereto.

(d) Accredited Investor Qualifications. The Buyer (i) if a natural person, represents that the Buyer has reached the age of 21 and has full power and authority to execute and deliver this Agreement and all other related agreements or certificates and to carry out the provisions hereof and thereof; (ii) if a corporation, partnership, or limited liability company or partnership, or association, joint stock company, trust, unincorporated organization or other entity, represents that such entity was not formed for the specific purpose of acquiring the Notes, such entity is duly organized, validly existing and in good standing under the laws of the state of its organization, the consummation of the transactions contemplated hereby is authorized by, and will not result in a violation of state law or its charter or other organizational documents, such entity has full power and authority to execute and deliver this Agreement and all other related agreements or certificates and to carry out the provisions hereof and thereof and to purchase and hold the Notes, the execution and delivery of this Agreement has been duly authorized by all necessary action, this Agreement has been duly executed and delivered on behalf of such entity and is a legal, valid and binding obligation of such entity; or (iii) if executing this Agreement in a representative or fiduciary capacity, represents that it has full power and authority to execute and deliver this Agreement in such capacity and on behalf of the subscribing individual, ward, partnership, trust, estate, corporation, or limited liability company or partnership, or other entity for whom the Buyer is executing this Agreement, and such individual, partnership, ward, trust, estate, corporation, or limited liability company or partnership, or other entity has full right and power to perform pursuant to this Agreement and make an investment in the Company, and represents that this Agreement constitutes a legal, valid and binding obligation of such entity. The execution and delivery of this Agreement will not violate or be in conflict with any order, judgment, injunction, agreement or controlling document to which the Buyer is a party or by which it is bound.

(e) Buyer Relationship with Brokers. The Buyer's substantive relationship with a broker, if any, for the transactions contemplated hereby or subagent thereof (collectively, "Brokers") through which the Buyer may be subscribing for the Notes predates such Broker's contact with the Buyer regarding an investment in the Notes.

(f) Solicitation. The Buyer is unaware of, is in no way relying on, and did not become aware of the offering of the Notes through or as a result of, any form of general solicitation or general advertising including, without limitation, any article, notice, advertisement or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, in connection with the offering and sale of the Notes and is not subscribing for the Notes and did not become aware of the offering of the Notes through or as a result of any seminar or meeting to which the Buyer was invited by, or any solicitation of a subscription by, a person not previously known to the Buyer in connection with investments in securities generally.

(g) Brokerage Fees. Except as otherwise provided herein, the Buyer has taken no action that would give rise to any claim by any person for brokerage commissions, finders' fees or the like relating to this Agreement or the transaction contemplated hereby.

(h) Buyer's Advisors. The Buyer and the Buyer's attorney, accountant, purchaser representative and/or tax advisor, if any (collectively, the "Advisors"), as the case may be, has such knowledge and experience in financial, tax, and business matters, and, in particular, investments in securities, so as to enable it to utilize the information made available to it in connection with the Notes to evaluate the merits and risks of an investment in the Notes and the Company and to make an informed investment decision with respect thereto.

(i) Buyer Liquidity. The Buyer has adequate means of providing for the Buyer's current financial needs and foreseeable contingencies and has no need for liquidity of its investment in the Notes for an indefinite period of time, and after purchasing the Notes the Buyer will be able to provide for any foreseeable current needs and possible personal contingencies. The Buyer must bear and acknowledges the substantial economic risks of the investment in the Notes including the risk of illiquidity and the risk of a complete loss of this investment.

(j) High Risk Investment. The Buyer is aware that an investment in the Notes, and upon conversion of the Notes, the Conversion Shares, involves a number of very significant risks and has carefully researched and reviewed and understands the risks of, and other considerations relating to, the purchase of the Notes, and upon conversion of the Notes, the Conversion Shares. Buyer acknowledges that, among other things, the Notes are unsecured.

(k) Reliance on Exemptions. The Buyer understands that the Notes are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying in part upon the truth and accuracy of, and such Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Buyer set forth herein in order to determine the availability of such exemptions and the eligibility of such Buyer to acquire the Securities.

(l) Information. The Buyer and its Advisors have been furnished with all documents and materials relating to the business, finances and operations of the Company and its subsidiaries and information that Buyer requested and deemed material to making an informed investment decision regarding Buyer's purchase of the Notes. The Buyer and its Advisors have been afforded the opportunity to review such documents and materials and the information contained therein. The Buyer and its Advisors have been afforded the opportunity to ask questions of the Company and its management. The Buyer understands that such discussions, as well as any written information provided by the Company, were intended to describe the aspects of the Company's business and prospects which the Company believes to be material, but were not necessarily a thorough or exhaustive description, and except as expressly set forth in this Agreement, the Company makes no representation or warranty with respect to the completeness of such information and make no representation or warranty of any kind with respect to any information provided by any entity other than the Company. Some of such information may include projections as to the future performance of the Company and its subsidiaries, which projections may not be realized, may be based on assumptions which may not be correct and may be subject to numerous factors beyond the Company's and its subsidiaries' control. Additionally, the Buyer understands and represents that Buyer is purchasing the Notes notwithstanding the fact that the Company and its subsidiaries may disclose in the future certain material information the Buyer has not received, including the financial results of the Company and its subsidiaries for their current fiscal quarters. Neither such inquiries nor any other due

diligence investigations conducted by the Buyer or its Advisors shall modify, amend or affect the Buyer's right to rely on the Company's representations and warranties contained in Section 3 below. The Buyer has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its acquisition of the Notes.

(m) No Other Representations or Information. In evaluating the suitability of an investment in the Notes and if applicable, the Conversion Shares, the Buyer has not relied upon any representation or information (oral or written) with respect to the Company or its subsidiaries, or otherwise, other than as stated in this Agreement and the Notes.

(n) No Governmental Review. The Buyer understands that no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Notes (or the Conversion Shares), or the fairness or suitability of the investment in the Notes (or the Conversion Shares), nor have such authorities passed upon or endorsed the merits of the offering of the Notes (or the Conversion Shares).

(o) Transfer or Resale. The Buyer understands that: (i) the Notes and Conversion Shares have not been and may not be registered under the Securities Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred unless (A) subsequently registered thereunder, or (B) the Buyer shall have delivered to the Company an opinion of counsel, in a generally acceptable form, to the effect that such securities to be sold, assigned or transferred may be sold, assigned or transferred pursuant to an exemption from such registration requirements; (ii) any sale of such securities made in reliance on Rule 144 under the Securities Act (or a successor rule thereto) ("Rule 144") may be made only in accordance with the terms of Rule 144 and further, if Rule 144 is not applicable, any resale of such securities under circumstances in which the seller (or the person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the Securities Act) may require compliance with some other exemption under the Securities Act or the rules and regulations of the SEC thereunder; and (iii) the Company is not, and no other person is, under any obligation to register such securities under the Securities Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder. The Company reserves the right to place stop transfer instructions against the shares and certificates for the Conversion Shares to the extent specifically set forth under this Agreement. There can be no assurance that there will be any market or resale for the Notes (or the Conversion Shares), nor can there be any assurance that the Notes (or the Conversion Shares) will be freely transferable at any time in the foreseeable future.

(p) Legends. The Buyer understands that the certificates or other instruments representing the Notes (and the Conversion Shares) shall bear a restrictive legend in substantially the following form (and a stop transfer order may be placed against transfer of such stock certificates):

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN
REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF
1933, AS AMENDED (THE "SECURITIES ACT"). THESE SECURITIES
MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE
TRANSFERRED ONLY (A) TO THE COMPANY, (B) IN COMPLIANCE
WITH RULE 144 UNDER THE SECURITIES ACT, IF AVAILABLE, AND

IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, AND THE HOLDER HAS, PRIOR TO SUCH SALE, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY. HEDGING TRANSACTIONS INVOLVING THESE SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.

(q) Organization and Standing of Buyer. The Buyer is duly incorporated or organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization.

(r) Authorization, Enforcement. The Buyer has the requisite power and authority to enter into and perform under this Agreement and the Transaction Documents and to purchase the Notes being sold to it hereunder. The execution, delivery and performance of this Agreement and the Transaction Documents by the Buyer and the consummation by the Buyer of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate or partnership action, and no further consent or authorization of the Buyer or Buyer's Board of Directors, stockholders, partners, members, as the case may be, is required. This Agreement and the Transaction Documents (to the extent the Buyer is party thereto) have been duly authorized, executed and delivered by the Buyer and upon execution of this Agreement and the Transaction Documents by the other parties hereto and thereto, constitute, or shall constitute when executed and delivered, a valid and binding obligation of the Buyer enforceable against the Buyer in accordance with the terms hereof and thereof, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

(s) No Conflicts. The execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation by such Buyer of the transactions contemplated hereby and thereby or relating hereto do not and will not (i) result in a violation of such Buyer's charter documents or bylaws or other organizational documents or (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of any agreement, indenture or instrument or obligation to which such Buyer is a party or by which its properties or assets are bound, or result in a violation of any law, rule, or regulation, or any order, judgment or decree of any court or governmental agency applicable to such Buyer or its properties (except for such conflicts, defaults and violations as would not, individually or in the aggregate, have a material adverse effect on such Buyer). Such Buyer is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental agency in order for it to execute, deliver or perform any of its obligations under this Agreement and the other Transaction Documents or to purchase the Notes in accordance with the terms hereof, provided that for purposes of the representation made in this

sentence, such Buyer is assuming and relying upon the accuracy of the relevant representations and agreements of the Company herein.

(t) Receipt of Documents. The Buyer, its counsel and/or its Advisors have received and read in their entirety: (i) this Agreement and each representation, warranty and covenant set forth herein; and (ii) all due diligence and other information necessary to verify the accuracy and completeness of such representations, warranties and covenants; the Buyer has received answers to all questions such Buyer submitted to the Company regarding an investment in the Company; and the Buyer has relied on the information contained therein and has not been furnished any other documents, literature, memorandum or prospectus.

(u) Status as a Former Shell Company. The Buyer understands that the Company is a former “shell company” as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Company ceased to be a “shell company” on December 23, 2014 and filed Form 10 type information under cover of Form 8-K on December 24, 2014. Pursuant to Rule 144(i), securities issued by a current or former shell company (such as the Securities) that otherwise meet the holding period and other requirements of Rule 144 nevertheless cannot be sold in reliance on Rule 144 until one year after such company (a) is no longer a shell company; and (b) has filed current “Form 10 information” (as defined in Rule 144(i)) with the SEC reflecting that it is no longer a shell company, and provided that at the time of a proposed sale pursuant to Rule 144, such company is subject to the reporting requirements of section 13 or 15(d) of the Exchange Act and has filed all reports and other materials required to be filed by section 13 or 15(d) of the Exchange Act, as applicable, during the preceding 12 months (or for such shorter period that the issuer was required to file such reports and materials), other than Form 8-K reports. As a result, the restrictive legends on certificates for the securities cannot be removed except in connection with an actual sale meeting the foregoing requirements or pursuant to an effective registration statement.

(v) Confidentiality. The Buyer acknowledges and agrees that certain of the information received by it in connection with the transactions contemplated by this Agreement is of a confidential nature and may be regarded as material non-public information under Regulation FD promulgated by the SEC and that such information has been furnished to the Buyer for the sole purpose of enabling the Buyer to consider and evaluate an investment in the Notes. The Buyer agrees that it will treat such information in a confidential manner, will not use such information for any purpose other than evaluating an investment in the Notes, will not, directly or indirectly, trade or permit the Buyer’s agents, representatives or affiliates to trade in any securities of the Company while in possession of such information and will not, directly or indirectly, disclose or permit the Buyer’s agents, representatives or affiliates to disclose any of such information without the Company’s prior written consent. The Buyer shall make its agents, affiliates and representatives aware of the confidential nature of the information contained herein and the terms of this section including the Buyer’s agreement to not disclose such information, to not trade in the Company’s securities while in the possession of such information and to be responsible for any disclosure or other improper use of such information by such agents, affiliates or representatives. Likewise, without the Company’s prior written consent, the Buyer will not, directly or indirectly, make any statements, public announcements or other release or provision of information in any form to any trade publication, to the press or to any other person

or entity whose primary business is or includes the publication or dissemination of information related to the transactions contemplated by this Agreement.

(w) **No Legal Advice from the Company.** The Buyer acknowledges that it had the opportunity to review this Agreement and the transactions contemplated by this Agreement with its own legal counsel and investment and tax Advisors. The Buyer is relying solely on such Advisors and not on any statements or representations of the Company or any of its employees, representatives or agents for legal, tax, economic and related considerations or investment advice with respect to this investment, the transactions contemplated by this Agreement or the securities laws of any jurisdiction.

(x) **No Group Participation.** The Buyer and its affiliates are not a member of any group, nor is the Buyer acting in concert with any other person with respect to its acquisition of the Notes (and the Conversion Shares).

(y) **Reliance.** Any information which the Buyer has heretofore furnished or is furnishing herewith to the Company or any Broker is complete and accurate and may be relied upon by the Company and any Broker in determining the availability of an exemption from registration under U.S. federal and state securities laws in connection with the offering of securities as described in this Agreement. The Buyer further represents and warrants that it will notify and supply corrective information to the Company immediately upon the occurrence of any change therein occurring prior to the Company's issuance of the Notes. Within five (5) days after receipt of a request from the Company or any Broker, the Buyer will provide such information and deliver such documents as may reasonably be necessary to comply with any and all laws to which the Company or any Broker is subject.

(z) **Anti-Money Laundering; OFAC.**

[The Buyer should check the Office of Foreign Assets Control ("OFAC") website at <http://www.treas.gov/ofac> before making the following representations.] The Buyer represents that the amounts invested by it in the Company in the Notes were not and are not directly or indirectly derived from activities that contravene U.S. federal or state or international laws and regulations, including anti-money laundering laws and regulations. U.S. federal regulations and Executive Orders administered by OFAC prohibit, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. The lists of OFAC prohibited countries, territories, persons and entities can be found on the OFAC website at <http://www.treas.gov/ofac>. In addition, the programs administered by OFAC (the "OFAC Programs") prohibit dealing with individuals¹ or entities in certain countries regardless of whether such individuals or entities appear on the OFAC lists;

¹ These individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs.

To the best of the Buyer's knowledge, none of: (1) the Buyer; (2) any person controlling or controlled by the Buyer; (3) if the Buyer is a privately-held entity, any person having a beneficial interest in the Buyer; or (4) any person for whom the Buyer is acting as agent or nominee in connection with this investment is a country, territory, individual or entity named on an OFAC list, or a person or entity prohibited under the OFAC Programs. Please be advised that the Company may not accept any amounts from a prospective investor if such prospective investor cannot make the representation set forth in the preceding paragraph. The Buyer agrees to promptly notify the Company should the Buyer become aware of any change in the information set forth in these representations. The Buyer understands and acknowledges that, by law, the Company may be obligated to "freeze the account" of the Buyer, either by prohibiting additional subscriptions from the Buyer, declining any redemption requests and/or segregating the assets in the account in compliance with governmental regulations, and a Broker may also be required to report such action and to disclose the Buyer's identity to OFAC. The Buyer further acknowledges that the Company may, by written notice to the Buyer, suspend the redemption rights, if any, of the Buyer if the Company reasonably deem it necessary to do so to comply with anti-money laundering regulations applicable to the Company or any Broker or any of the Company's other service providers. These individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs;

To the best of the Buyer's knowledge, none of: (1) the Buyer; (2) any person controlling or controlled by the Buyer; (3) if the Buyer is a privately-held entity, any person having a beneficial interest in the Buyer; or (4) any person for whom the Buyer is acting as agent or nominee in connection with this investment is a senior foreign political figure², or any immediate family³ member or close associate⁴ of a senior foreign political figure, as such terms are defined in the footnotes below; and

If the Buyer is affiliated with a non-U.S. banking institution (a "Foreign Bank"), or if the Buyer receives deposits from, makes payments on behalf of, or handles other financial transactions related to a Foreign Bank, the Buyer represents and warrants to the Company that: (1) the Foreign Bank has a fixed address, other than solely an electronic address, in a country in which the Foreign

² A "senior foreign political figure" is defined as a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a "senior foreign political figure" includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure.

³ "Immediate family" of a senior foreign political figure typically includes the figure's parents, siblings, spouse, children and in-laws.

⁴ A "close associate" of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the senior foreign political figure.

Bank is authorized to conduct banking activities; (2) the Foreign Bank maintains operating records related to its banking activities; (3) the Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct banking activities; and (4) the Foreign Bank does not provide banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated affiliate.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to the Buyers that:

(a) Organization and Qualification. The Company is a corporation duly organized and validly existing in good standing under the laws of the jurisdiction of its formation and has the requisite corporate power to own its properties and to carry on its business as now being conducted. The Company is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect, as defined below.

(b) Authorization, Enforcement, Compliance with Other Instruments. (i) The Company, has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and the Note and all other documents and agreements to which it is a party contemplated thereby or necessary or desirable to effect the transaction contemplated thereby (collectively the "Transaction Documents") and to issue the Notes in accordance with the terms hereof and thereof, (ii) the execution and delivery by the Company of each of the Transaction Documents to which it is a party and the consummation by it of the transactions contemplated hereby and thereby, including, without limitation, the issuance of the Notes have been duly authorized by the Company's Board of Directors, and no further consent or authorization is required by the Company, its Board of Directors or its stockholders, (iii) each of the Transaction Documents will be duly executed and delivered by the Company, (iv) the Transaction Documents when executed will constitute the valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of creditors' rights and remedies.

(c) Capitalization. The authorized capital stock of the Company consists of 520,000,000 shares of Common Stock, par value \$0.001 per share and 10,000,000 shares of preferred stock, par value \$0.001 per share (the "Preferred Stock"). As of the date hereof the Company has [201,595,657] shares of Common Stock issued and outstanding and no shares of Preferred Stock issued and outstanding. All of the outstanding shares of Common Stock of the Company have been duly authorized, validly issued and are fully paid and nonassessable. No shares of capital stock of the Company are subject to preemptive rights or any other similar rights or any liens or encumbrances suffered or permitted by the Company. As of the date of this Agreement except as set forth in the Company's filings with the SEC (the "Company SEC Filings"), (i) there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any

shares of capital stock of the Company, or contracts, commitments, understandings or arrangements by which the Company is or may become bound to issue additional shares of capital stock of such Company or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of the Company, (ii) there are no outstanding debt securities, (iii) there are no agreements or arrangements under which the Company is obligated to register the sale of any of its securities under the Securities Act, and (iv) there are no outstanding registration statements. Except as set forth in the Company SEC Filings, there are no securities or instruments containing anti-dilution or similar provisions that will be triggered by the issuance of the Notes as described in this Agreement. The Notes (and the Conversion Shares) when issued, will be free and clear of all pledges, liens, encumbrances and other restrictions (other than those arising under applicable securities laws as a result of the issuance of the Notes). No co-sale right, right of first refusal or other similar right exists with respect to the Notes (or the Conversion Shares) or the issuance and sale thereof. Except as set forth in the Company SEC Filings, the issue and sale of the Notes (and the Conversion Shares) will not result in a right of any holder of securities of the Company to adjust the exercise, exchange or reset price under such securities. The Company has made available to the Buyer true and correct copies of the Company's Articles of Incorporation, and as in effect on the date hereof (the "Articles of Incorporation"), and the Company's By-laws, as in effect on the date hereof (the "By-laws"), and the terms of all securities exercisable for Common Stock of the Company and the material rights of the holders thereof in respect thereto.

(d) Issuance of Securities. The Notes are duly authorized and, upon issuance in accordance with the terms hereof, shall be duly issued, fully paid and nonassessable, are free from all taxes, liens and charges with respect to the issue thereof. Upon conversion of the Notes in accordance with the Transaction Documents, the Conversion Shares will be duly issued, fully paid and nonassessable.

(e) No Conflicts. The execution, delivery and performance of each of the Transaction Documents by the Company, and the consummation by the Company of the transactions contemplated hereby and thereby will not (i) result in a violation of the Articles of Incorporation, or the By-laws of the Company or (ii) violate or conflict with, or result in a breach of any provision of, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company is a party, or result in a violation of any law, rule, regulation, order, judgment or decree (including U.S. federal and state securities laws and regulations) applicable to the Company or by which any property or asset of the Company is bound or affected except for those which could not reasonably be expected to have a material adverse effect on the assets, business, condition (financial or otherwise), results of operations or future prospects of the Company and its subsidiaries taken as a whole (a "Material Adverse Effect"). Except those which could not reasonably be expected to have a Material Adverse Effect, the Company is not in violation of any term of or in default under its constitutive documents. Except those which could not reasonably be expected to have a Material Adverse Effect, the Company is not in violation of any term of or in default under any material contract, agreement, mortgage, indebtedness, indenture, instrument, judgment, decree or order or any statute, rule or regulation applicable to the Company. The business of the Company is not being conducted and shall not be conducted in violation of any material law, ordinance, or regulation of any governmental entity, except for any

violation which could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. Except as specifically contemplated by this Agreement and as required under the Securities Act and any applicable state securities laws, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental agency in order for it to execute, deliver or perform any of its obligations under or contemplated by this Agreement or the other Transaction Documents in accordance with the terms hereof or thereof. Neither the execution and delivery by the Company of the Transaction Documents to which it is a party, nor the consummation by the Company of the transactions contemplated hereby or thereby, will require any notice, consent or waiver under any contract or instrument to which the Company is a party or by which the Company is bound or to which any of its assets is subject, except for any notice, consent or waiver the absence of which would not have a Material Adverse Effect and would not adversely affect the consummation of the transactions contemplated hereby or thereby. All consents, authorizations, orders, filings and registrations which the Company is required to obtain pursuant to the preceding two sentences have been obtained or effected on or prior to the date hereof. The Company is unaware of any facts or circumstance, which might give rise to any of the foregoing.

(f) Absence of Litigation. Except as set forth in the Company SEC Filings, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body now pending or, to the knowledge of the Company, threatened, against or affecting the Company, wherein an unfavorable decision, ruling or finding would (i) adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, this Agreement or any of the other Transaction Documents, or (ii) have a Material Adverse Effect.

(g) Acknowledgment Regarding Buyer's Purchase of the Notes. The Company acknowledges and agrees that the Buyer is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated hereby and thereby. The Company further acknowledges that the Buyer is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated hereby and thereby and any advice given by the Buyer or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated hereby and thereby is merely incidental to such Buyer's purchase of the Notes (and the Conversion Shares). The Company further represents to the Buyers that the Company's decision to enter into the Transaction Documents has been based solely on the independent evaluation by the Company and its representatives.

(h) No General Solicitation. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with the offer or sale of the Notes.

(i) No Integrated Offering. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would require registration of the Notes under the Securities Act or cause this offering of the Notes to be integrated with prior offerings by the Company for purposes of the Securities Act.

(j) Employee Relations. The Company is not involved in any labor dispute nor, to the knowledge of the Company, is any such dispute threatened. The Company is not party to any collective bargaining agreement. The Company's employees are not members of any union, and the Company's relationship with its employees is good.

(k) Intellectual Property Rights. The Company has not received any notice of infringement of, or conflict with, the asserted rights of others with respect to any intellectual property that it utilizes.

(l) Environmental Laws.

(i) The Company has complied with all applicable Environmental Laws (as defined below), except for violations of Environmental Laws that, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect. There is no pending or, to the knowledge of the Company, threatened civil or criminal litigation, written notice of violation, formal administrative proceeding, or investigation, inquiry or information request, relating to any Environmental Law involving the Company, except for litigation, notices of violations, formal administrative proceedings or investigations, inquiries or information requests that, individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect. For purposes of this Agreement, "Environmental Law" means any national, state, provincial or local law, statute, rule or regulation or the common law relating to the environment or occupational health and safety, including without limitation any statute, regulation, administrative decision or order pertaining to (i) treatment, storage, disposal, generation and transportation of industrial, toxic or hazardous materials or substances or solid or hazardous waste; (ii) air, water and noise pollution; (iii) groundwater and soil contamination; (iv) the release or threatened release into the environment of industrial, toxic or hazardous materials or substances, or solid or hazardous waste, including without limitation emissions, discharges, injections, spills, escapes or dumping of pollutants, contaminants or chemicals; (v) the protection of wild life, marine life and wetlands, including without limitation all endangered and threatened species; (vi) storage tanks, vessels, containers, abandoned or discarded barrels, and other closed receptacles; (vii) health and safety of employees and other persons; and (viii) manufacturing, processing, using, distributing, treating, storing, disposing, transporting or handling of materials regulated under any law as pollutants, contaminants, toxic or hazardous materials or substances or oil or petroleum products or solid or hazardous waste. As used above, the terms "release" and "environment" shall have the meaning set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA").

(ii) To the knowledge of the Company there is no material environmental liability with respect to any solid or hazardous waste transporter or treatment, storage or disposal facility that has been used by the Company.

(iii) The Company (i) has received all permits, licenses or other approvals required of it under applicable Environmental Laws to conduct its businesses and (ii) is in compliance with all terms and conditions of any such permit, license or approval.

(m) Title. Except as set forth in the Company SEC Filings, the Company does not own or lease any real or personal property.

(n) Internal Accounting Controls. Except as set forth in the Company SEC Filings, the Company is in material compliance with the provisions of the Sarbanes-Oxley Act of 2002 currently applicable to the Company. Except as set forth in the Company SEC Filings, the Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability, and (iii) the recorded amounts for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(o) No Material Adverse Breaches, etc. The Company is not subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or regulation which in the judgment of the Company's officers has or is expected in the future to have a Material Adverse Effect. The Company is not in breach of any contract or agreement which breach, in the judgment of the Company's officers, has or is expected to have a Material Adverse Effect.

(p) Tax Status. The Company has made and filed all U.S. federal and state, income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject and (unless and only to the extent that the Company or such subsidiary has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and has set aside on its books provision reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due from the Company by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim.

(q) Certain Transactions. Except for arm's length transactions pursuant to which the Company makes payments in the ordinary course of business upon terms no less favorable than it could obtain from third parties, none of the officers, directors, or employees of the Company is presently a party to any transaction with the Company (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any corporation, partnership, trust or other entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

(r) Rights of First Refusal. The Company is not obligated to offer the securities offered hereunder on a right of first refusal basis or otherwise to any third parties including, but not limited to, current or former stockholders of the Company, underwriters, brokers, agents or other third parties.

(s) **Reliance.** The Company acknowledges that the Buyer is relying on the representations and warranties made by the Company hereunder and that such representations and warranties are a material inducement to the Buyer purchasing the Notes. The Company further acknowledges that without such representations and warranties of the Company made hereunder, the Buyers would not enter into this Agreement.

(t) **Brokers' Fees.** The Company does not have any liability or obligation to pay any fees or commissions to any Broker, finder or agent with respect to the transactions contemplated by this Agreement.

4. **COVENANTS.**

(a) **Best Efforts.** Each party shall use its best efforts timely to satisfy each of the conditions to be satisfied by it as provided in Sections 5 and 6 of this Agreement.

(b) **Form D.** The Company agrees to file a Form D with respect to the offer and sale of the Notes as required under Regulation D, if necessary. The Company shall, on or before the Closing Date, take such action as the Company shall reasonably determine is necessary to qualify the Notes (and the Conversion Shares), or obtain an exemption for the Notes (and the Conversion Shares) for sale to the Buyers at the Closing pursuant to this Agreement under applicable securities or state "Blue Sky" laws.

(c) **Use of Proceeds.** The Company shall use the net proceeds from the sale of the Notes (after deducting fees and expenses (including brokerage fees, if applicable, legal fees and expenses) for working capital and general corporate purposes.

(d) **Resales Absent Effective Registration Statement.** The Buyer understands and acknowledges that (i) the Transaction Documents will, if applicable, require the Company to issue and deliver the Conversion Shares to the Buyer with legends restricting their transferability under the Securities Act, and (ii) the Buyer is aware that resales of such Conversion Shares may not be made unless, at the time of resale, there is an effective registration statement under the Securities Act covering such Buyer's resale(s) or an applicable exemption from registration.

(e) **Indemnification of Buyer.** In consideration of the Buyer's execution and delivery of this Agreement and acquiring the Notes hereunder, and in addition to all of the Company's other obligations under this Agreement, the Company shall defend, protect, indemnify and hold harmless the Buyer and each other holder of the Notes (and if applicable, the Conversion Shares), and all of their officers, directors, employees and agents (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) (collectively, the "Buyer Indemnitees") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such Buyer Indemnitee is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "Indemnified Liabilities"), incurred by the Buyer Indemnitees or any of them as a result of, or arising out of, or relating to (a) any actual or alleged false acknowledgment, representation or warranty, or misrepresentation or omission to state a material fact by the Company or (b) any breach of any covenant, agreement or obligation of the Company contained

in this Agreement. To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities, which is permissible under applicable law. The indemnity agreements contained herein shall be in addition to any cause of action or similar right of any Buyer Indemnitee against the Company or others, and any liabilities the Company may be subject to pursuant to law.

5. CONDITIONS TO THE COMPANY'S OBLIGATION TO SELL.

The obligation of the Company hereunder to issue and sell the Notes to the Buyer at each Closing is subject to the satisfaction, at or before each Closing Date, of each of the following conditions, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion:

(a) The Buyer shall have executed this Agreement and completed and executed the Accredited Investor Certification, the Investor Profile and the Anti-Money Laundering Information Form and delivered them to the Company.

(b) The Buyer shall have delivered the Purchase Price as set forth on the signature page affixed hereto by wire transfer of immediately available funds pursuant to the wire instructions provided by the Company.

(c) The representations and warranties of the Buyer contained in this Agreement shall be true and correct in all material respects as of the date when made and as of the applicable Closing Date as though made at that time (except for representations and warranties that speak as of a specific date), and the Buyer shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Buyer at or prior to the applicable Closing Date.

6. CONDITIONS TO THE BUYER'S OBLIGATION TO PURCHASE.

The obligation of the Buyer hereunder to purchase the Notes at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions:

(a) The representations and warranties of the Company contained in this Agreement and the other Transaction Documents shall be true and correct in all material respects (except to the extent that any of such representations and warranties is already qualified as to materiality in Section 3 above, in which case, such representations and warranties shall be true and correct without further qualification) as of the date when made and as of the applicable Closing Date as though made at that time (except for representations and warranties that speak as of a specific date) and the Company shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement and the other Transaction Documents to be performed, satisfied or complied with by the Company at or prior to the applicable Closing Date.

(b) The Company shall have obtained any and all consents, permits, approvals, registrations and waivers necessary or appropriate for consummation by the Company

of the purchase and sale of the Notes and the transactions contemplated hereby or under the Transaction Documents, all of which shall be in full force and effect.

(c) The Buyers shall have received a certificate, executed by an officer of the Company, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by the Buyer.

(d) The Company shall have executed and delivered to the Buyer the Note in the amount set forth on the Buyer Omnibus Signature Pages affixed hereto.

(e) The Company shall have delivered to the Buyer a certificate, executed on its behalf by an appropriate officer, dated as of the Closing Date, certifying the resolutions adopted by its Board of Directors approving the transactions contemplated by this Agreement, the other Transaction Documents and the issuance of the Note, certifying the current versions of its Articles of Incorporation and By-laws (or equivalent documents) and certifying as to the signatures and authority of persons signing this Agreement on behalf of the Company. The foregoing certificate shall only be required to be delivered on the Closing Date, unless any information contained in the certificate has changed.

7. GOVERNING LAW: MISCELLANEOUS.

(a) **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York without regard to the principles of conflict of laws. The parties further agree that any action between them shall be heard exclusively in federal or state court sitting in the New York County, New York, and expressly consent to the jurisdiction and venue of the Supreme Court of New York, sitting in New York County and the United States District Court for the Southern District of New York for the adjudication of any civil action asserted pursuant to this paragraph.

(b) **Irrevocable Subscription.** The Buyer hereby acknowledges and agrees that the subscription hereunder is irrevocable by such Buyer, except as required by applicable law, and that this Agreement shall survive the death or disability of the Buyer and shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives, and permitted assigns.

(c) **Expenses.** Each of the parties hereto shall pay its own fees and expenses (including the fees of any attorneys, accountants, appraisers or others engaged by such party) in connection with this Agreement and the transactions contemplated hereby whether or not the transactions contemplated hereby are consummated.

(d) **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. All of such counterparts shall be read as though one, and they shall have the same force and effect as though all the signers had signed a single page. In the event that any signature is delivered by facsimile transmission or by an e-mail which contains a portable document format (.pdf) file of an executed signature page, such signature page shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof.

(e) Headings. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

(f) Severability. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

(g) Entire Agreement, Amendments. This Agreement supersedes all other prior oral or written agreements between the Buyer, the Company, their affiliates and persons acting on their behalf with respect to the matters discussed herein (including any term sheet), and this Agreement, the other Transaction Documents and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived or amended other than by an instrument in writing signed by the party to be charged with enforcement.

(h) Notices. Any notices, consents, waivers, or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered (i) upon receipt, when delivered personally; (ii) upon confirmation of receipt, when sent by facsimile; (iii) upon receipt when sent by U.S. certified mail, return receipt requested, or (iv) one (1) day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to the Company: PureBase Corporation
8625 State Hwy, 124
Ione, CA 95640
Attention: A. Scott Dockter, CEO
Telephone: (888)791-9474

With a copy to: The Crone Law Group, P.C.
500 Fifth Avenue, Suite 938
New York, New York 10110
Attn: Eric Mendelson, Esq.
Telephone: (917) 398-5082

If to the Buyer, to its address and facsimile number set forth on the Buyer Omnibus Signature Page affixed hereto. Each party shall provide five (5) days' prior written notice to the other party of any change in address or facsimile number.

(i) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Neither the Company nor the Buyer shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party hereto; provided, however, that the Company may assign this

Agreement and its rights and obligations hereunder and under the Notes to an affiliated entity without the consent of the Buyer if simultaneously therewith the affiliated entity assumes the obligations of the Company under this Agreement.

(j) **No Third-Party Beneficiaries.** This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

(k) **Survival.** Unless this Agreement is terminated under Section 7(n), the representations and warranties of the Company and the Buyer contained in Sections 2 and 3, the agreements and covenants set forth in Sections 4 and 7 shall survive the Closing for a period of twelve (12) months following the date on which all of the Notes are repaid in full or converted in their entirety (whichever is the earliest).

(l) **Publicity.** The Company shall have the right to approve, before issuance any press release or any other public statement with respect to the transactions contemplated hereby made by any other party; and the Company shall be entitled, without the prior approval of the Buyer, to issue any press release or other public disclosure with respect to such transactions required under applicable securities or other laws or regulations or as it otherwise deems appropriate.

(m) **Further Assurances.** Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

(n) **Termination.** In the event that the initial Closing shall not have occurred with respect to the Buyer on or before thirty (30) business days from the date hereof due to the Company's or the Buyer's failure to satisfy the conditions set forth in Sections 5 and 6 above (and the non-breaching party's failure to waive such unsatisfied condition(s)), the non-breaching party shall have the option to terminate this Agreement with respect to such breaching party by providing five (5) days' written notice to such breaching party of the non-breaching party's intent to terminate this Agreement (and if the non-breaching party is the Buyer, to also withdraw its subscription) at the close of business on such date without liability of any party to any other party.

(o) **No Strict Construction.** The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

(p) **Remedies.** In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, the Buyer and the Company will be entitled to specific performance under this Agreement. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations described in the foregoing sentence and hereby agree to waive in any action for specific performance of any such obligation the defense that a remedy at law would be adequate).

IN WITNESS WHEREOF, the Buyers and the Company have caused this Securities Purchase Agreement to be duly executed as of the date first written above.

COMPANY:

PUREBASE CORPORATION



By: Name: A. Scott Dockter
Title: Chief Executive Officer

BUYER:

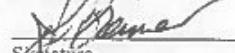
The Buyer executing the Omnibus Signature Page attached hereto as Annex A and the documents annexed thereto and delivering the same to the Company or their agents shall be deemed to have executed this Securities Purchase Agreement and agreed to the terms hereof.

ANNEX A
BUYER OMNIBUS SIGNATURE PAGE
to
Securities Purchase Agreement,

The undersigned, desiring to: (i) enter into the Securities Purchase Agreement, dated as of September 25, 2019 (the "Securities Purchase Agreement"), between the undersigned and PureBase Corporation (the "Company"), in or substantially in the form furnished to the undersigned, and (ii) purchase the Notes of the Company as set forth below, hereby agrees to purchase such Notes from the Company and further agrees to enter into the Securities Purchase Agreement, with all the rights and privileges appertaining thereto, and to be bound in all respects by the terms and conditions thereof. The undersigned specifically acknowledges having read the representations section in the Securities Purchase Agreement entitled "Buyer's Representations and Warranties," and hereby represents that the statements contained therein are complete and accurate with respect to the undersigned as a Buyer.

The Buyer hereby elects to purchase \$1,000,000 principal amount of Notes (to be completed by the Buyer) under the Securities Purchase Agreement.

BUYER (entity)



Signature

John Bremer

Print Name

Signature (if Joint Tenants or Tenants in Common)

Address of Principal Residence:

8625 Hwy 124

PO Box 580

Ione, Ca. 95640

Social Security Number(s):

Telephone Number:
(209) 790-4535

Faxsimile Number:

E-mail Address:

DATED: 10/15/19

BUYER (entity)

US Mine Corp

Name of Entity

Signature

Print Name: John Bremer

Title: President

Address of Executive Offices:

8625 Hwy 124

PO Box 580

Ione, Ca. 95640

IRS Tax Identification Number:
46.1058357

Telephone Number:
(209) 790-4535

Faxsimile Number:

E-mail Address:

PUREBASE CORPORATION
ACCREDITED INVESTOR CERTIFICATION

For Individual Investors Only
(all Individual Investors must **INITIAL** where appropriate):

Initial _____

I have a net worth of at least \$1 million either individually or through aggregating my individual holdings and those in which I have a joint, community property or other similar shared ownership interest with my spouse. (For purposes of calculating your net worth under this paragraph, (a) your primary residence shall not be included as an asset; (b) indebtedness secured by your primary residence, up to the estimated fair market value of your primary residence at the time of your purchase of the securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of your purchase of the securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of your primary residence, the amount of such excess shall be included as a liability); and (c) indebtedness that is secured by your primary residence in excess of the estimated fair market value of your primary residence at the time of your purchase of the securities shall be included as a liability.)

Initial _____

I have had an annual gross income for the past two years of at least \$200,000 (or \$300,000 jointly with my spouse) and expect my income (or joint income, as appropriate) to reach the same level in the current year.

Initial _____

I am a director or executive officer of PureBase Corporation

For Non-Individual Investors
(all Non-Individual Investors must **INITIAL** where appropriate):

Initial _____

The investor certifies that it is a partnership, corporation, limited liability company or business trust that is 100% owned by persons who meet at least one of the criteria for Individual Investors set forth above.

Initial _____

The investor certifies that it is a partnership, corporation, limited liability company or business trust that has total assets of at least US\$5 million and was not formed for the purpose of investing the Company.

Initial _____

The investor certifies that it is an employee benefit plan whose investment decision is made by a plan fiduciary (as defined in ERISA §3(21)) that is a bank, savings and loan association, insurance company or registered investment advisor.

Initial _____

The investor certifies that it is an employee benefit plan whose total assets exceed US\$5,000,000 as of the date of this Agreement.

Initial _____

The undersigned certifies that it is a self-directed employee benefit plan whose investment decisions are made solely by persons who meet at least one of the criteria for Individual Investors.

Initial _____

The investor certifies that it is a U.S. bank, U.S. savings and loan association or other similar U.S. institution acting in its individual or fiduciary capacity.

Initial _____

The undersigned certifies that it is a broker-dealer registered pursuant to §15 of the Securities Exchange Act of 1934.

Initial _____

The investor certifies that it is an organization described in §501(c)(3) of the Internal Revenue Code with total assets exceeding US\$5,000,000 and not formed for the specific purpose of investing in the Company.

Initial _____

The investor certifies that it is a trust with total assets of at least US\$5,000,000, not formed for the specific purpose of investing in the Company, and whose purchase is directed by a person who has the knowledge and experience in financial and business matters that such person is capable of evaluating the merits and risks of the prospective investment.

Initial _____

The investor certifies that it is a plan established and maintained by a state or its political subdivisions, or any agency or instrumentality thereof, for the benefit of its employees, and which has total assets in excess of US\$5,000,000.

Initial _____

The investor certifies that it is an insurance company as defined in §2(13) of the Securities Act of 1933 or a registered investment company.

For Non-U.S. Person Investors
(all Investors who are not a U.S. Person must **INITIAL** this section):

Initial _____

A. The investor is not a "U.S. Person" as defined in Regulation S; and specifically, the investor is not a natural person resident in the United States of America, including its territories and possessions ("United States");

B. a partnership or corporation organized or incorporated under the laws of the United States;

C. an estate of which any executor or administrator is a U.S. Person;

D. a trust of which any trustee is a U.S. Person;

E. an agency or branch of a foreign entity located in the United States;

PUREBASE CORPORATION
Investor Profile
(Must be completed by Investor)

Section-A - Personal Investor Information

Investor Name(s): _____
Individual executing Profile or Trustee: _____
Social Security Numbers / Federal I.D. Number: _____
Date of Birth: _____ Joint Party Date of Birth: _____ Marital Status: _____
Annual Income: _____ Investment Experience (Years): _____
Liquid Net Worth: _____
Net Worth*: _____
Tax Bracket: _____ 15% or below _____ 25% - 27.5% _____ Over 27.5%
Home Street Address: _____
Home City, State & Zip Code: _____
Home Phone: _____ Home Fax: _____ Home Email: _____
Employer: _____
Employer Street Address: _____
Employer City, State & Zip Code: _____
Bus. Phone: _____ Bus. Fax: _____ Bus. Email: _____
Type of Business: _____
Outside Broker/Dealer: _____

Section B – Certificate Delivery Instructions

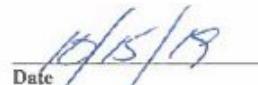
Please deliver certificate to the Employer Address listed in Section A.
 Please deliver certificate to the Home Address listed in Section A.
 Please deliver certificate to the following address: _____

Section C – Form of Payment – Check or Wire Transfer

Check payable to PureBase Corporation
 Wire funds from my outside account according to Section I(a) of the Securities Purchase Agreement.
 The funds for this investment are rolled over, tax deferred from _____ within the allowed 60-day window.

Please check if you are a FINRA member or affiliate of a FINRA member firm: _____


Investor Signature


Date

* For purposes of calculating your net worth in this form, (a) your primary residence shall not be included as an asset; (b) indebtedness secured by your primary residence, up to the estimated fair market value of your primary residence at the time of your purchase of the securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of your purchase of the securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of your primary residence, the amount of such excess shall be included as a liability); and (c) Indebtedness that is secured by your primary residence in excess of the estimated fair market value of your primary residence at the time of your purchase of the securities shall be included as a liability.

ANTI MONEY LAUNDERING REQUIREMENTS

The USA PATRIOT Act

The USA PATRIOT Act is designed to detect, deter, and punish terrorists in the United States and abroad. The Act imposes new anti-money laundering requirements on brokerage firms and financial institutions. Since April 24, 2002 all brokerage firms have been required to have new, comprehensive anti-money laundering programs.

To help you understand these efforts, we want to provide you with some information about money laundering and our steps to implement the USA PATRIOT Act.

What is money laundering?

Money laundering is the process of disguising illegally obtained money so that the funds appear to come from legitimate sources or activities. Money laundering occurs in connection with a wide variety of crimes, including illegal arms sales, drug trafficking, robbery, fraud, racketeering, and terrorism.

How big is the problem and why is it important?

The use of the U.S. financial system by criminals to facilitate terrorism or other crimes could well taint our financial markets. According to the U.S. State Department, one recent estimate puts the amount of worldwide money laundering activity at \$1 trillion a year.

What are we required to do to eliminate money laundering?

Under rules required by the USA PATRIOT Act, our anti-money laundering program must designate a special compliance officer, set up employee training, conduct independent audits, and establish policies and procedures to detect and report suspicious transaction and ensure compliance with such laws. As part of our required program, we may ask you to provide various identification documents or other information. Until you provide the information or documents we need, we may not be able to effect any transactions for you.

ANTI-MONEY LAUNDERING INFORMATION FORM

The following is required in accordance with the AML provision of the USA PATRIOT ACT.

(Please fill out and return with requested documentation.)

INVESTOR NAME: _____

LEGAL ADDRESS: _____

SSN# or TAX ID#
OF INVESTOR: _____

YEARLY INCOME: _____

FOR INVESTORS WHO ARE INDIVIDUALS: AGE: _____

NET WORTH: _____ *

* For purposes of calculating your net worth in this form, (a) your primary residence shall not be included as an asset; (b) indebtedness secured by your primary residence, up to the estimated fair market value of your primary residence at the time of your purchase of the securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of your purchase of the securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of your primary residence, the amount of such excess shall be included as a liability); and (c) indebtedness that is secured by your primary residence in excess of the estimated fair market value of your primary residence at the time of your purchase of the securities shall be included as a liability.

FOR INVESTORS WHO ARE INDIVIDUALS: OCCUPATION: _____

ADDRESS OF BUSINESS OR OF EMPLOYER: _____

FOR INVESTORS WHO ARE ENTITIES:

YEARLY INCOME: _____ NET WORTH: _____

TYPE OF BUSINESS: _____

INVESTMENT OBJECTIVE(S) (FOR ALL INVESTORS): _____

1. **IDENTIFICATION & DOCUMENTATION AND SOURCE OF FUND**. Please submit a copy of non-expired identification for the authorized signatory(ies) on the investment documents, showing name, date of birth, address and signature. The address shown on the identification document **MUST** match the Investor's address shown on the Investor Signature Page.

Current Driver's License or Valid Passport or Identity Card
(Circle one or more)

2. If the Investor is a corporation, limited liability company, trust or other type of entity, please submit the following requisite documents: (i) Articles of Incorporation, By-Laws, Certificate of Formation, Operating Agreement, Trust or other similar documents for the type of entity; and (ii) Corporate Resolution or power of attorney or other similar document granting authority to signatory(ies) and designating that they are permitted to make the proposed investment.

3. Please advise where the funds were derived from to make the proposed investment:

Investments Savings Proceeds of Sale Other _____
(Circle one or more)

Signature: _____

Print Name: _____

Title (if applicable): _____

Date: _____

- F. a non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person;
- G. a discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; or
- H. a partnership or corporation: (i) organized or incorporated under the laws of any foreign jurisdiction; and (ii) formed by a U.S. Person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts.

And, in addition:

- I. the investor was not offered the securities in the United States;
- J. at the time the buy-order for the securities was originated, the investor was outside the United States; and
- K. the investor is purchasing the securities for its own account and not on behalf of any U.S. Person (as defined in Regulation S) and a sale of the securities has not been pre-arranged with a purchaser in the United States.

EXHIBIT A

Form of Note



DISTRIBUTION AGREEMENT
(EXCLUSIVE)

This Distribution Agreement (the "Agreement") is dated, for reference purposes **September 5, 2019**, and entered into by and between **PUREBASE AG**, a Nevada corporation, having its offices at 8625 State Highway 124, Lone, California ("Purebase"), and **New Ag Technologies Inc.**, a California based company having its office at 30011 Ivy Glenn Suite 224, Laguna Niguel Ca, (the "Distributor"). Purebase and Distributor are collectively referred to herein as "Parties" and individually as "Party."

RECITALS

- A. Purebase is principally engaged in the extraction, manufacturing, development and distribution of organic and/or sustainable agricultural products including, but not limited to, fertilizers and soil amendments.
- B. Distributor is engaged in the business of marketing, distributing and selling various agriculture and environmental products for plant nutrition, soil fertility and soil restoration.
- C. Distributor desires to serve as a distributor of certain Purebase products in specific geographic locations and Purebase desires to engage Distributor to serve as a distributor of certain Purebase products, on the terms and conditions contained in this Agreement.

Now, THEREFORE, in consideration of the mutual covenants and conditions herein contained, and intending to be legally bound hereby, the Parties mutually agree as follows:

1. PRODUCTS AND TERRITORY.

1.1 **Appointment.** Subject to the terms and conditions of this Agreement, Purebase hereby appoints Distributor on a non-exclusive basis as its distributor in the Territory (as defined below) for the sale of the products listed in Exhibit A (the "Products") during the term of this Agreement. Distributor acknowledges that certain Products may be organic or naturally formed and therefore may be subject to variations of $\pm 5\%$ in the specific nutrient and microbial content from the amount listed on the Product label. The Parties understand that such variations are common with organic or natural materials and products and that such variations are acceptable and do not represent nor provide a basis for Distributor to reject such Products or provide a basis for Distributor to claim a breach of this Agreement by Purebase.

1.2 **Territory.** Purebase is appointing Distributor hereunder with respect to the resale of Products to any customers whose principal place of business is located in the locations set forth in Exhibit B, which may be amended from time to time pursuant to this Agreement (the "Territory").

1.3 **Activities Outside the Territory.** Distributor shall refrain from establishing or maintaining any branch, warehouse or distribution facility for the Products outside of the Territory. Distributor shall not engage in any advertising or promotional activities relating to the Products directed primarily to customers outside the Territory and shall not solicit orders from any current or prospective customer with its principal place of business located outside the Territory. The restrictions of this Section 1.3 shall not

Two handwritten signatures are present. The signature on the left appears to be for Purebase, and the signature on the right appears to be for New Ag Technologies Inc. Both signatures are in black ink and are placed below the signature line.



limit Distributor's sales activities to those customers that maintain facilities and operations at locations within the Territory as well as outside the Territory.

1.4 **Requests from Outside the Territory.** If Distributor receives any order from a current or prospective customer whose principal place of business is located outside the Territory, Distributor shall immediately refer that order to Purebase. Distributor shall not accept any such orders. Distributor may not deliver or tender (or cause to be delivered or tendered) any Product outside of the Territory. The restrictions of this, Section 1.4, shall not apply to customers or potential customers that maintain facilities and operations at locations within the Territory as well as outside the Territory.

1.5 **Expansion of Products and Territory.** Purebase reserves the right, in its sole discretion, at any time upon thirty (30) days' prior written notice to Distributor, to expand or reduce in any manner the Products which are covered by this Agreement. Any change to the Products shall be reflected in an amendment to Exhibit A. Purebase also reserves the right, in its sole discretion, at any time upon thirty (30) days' prior written notice to Distributor, to expand or reduce in any manner the Territory, as defined in this Agreement. However, any such change by Purebase shall give Distributor a thirty (30) day timeframe to evaluate and accept or reject (in writing) such changes to this Agreement. If accepted, then the modified Agreement shall continue as modified, but if rejected, then this Agreement shall terminate and be null and void.

1.6 **Purebase Global Accounts.** Notwithstanding the provisions of this Section 1, Purebase reserves the right to sell Products directly or indirectly to existing or prospective accounts who buy on an international basis and operate under national contracts and centralized purchasing programs, some of which may be located within the Territory ("Purebase Global Accounts"). Distributor acknowledges that any sales by Purebase to Purebase Global Accounts is not and shall not be considered a breach by Purebase of this Agreement. Except upon terms mutually agreed upon by the Parties, Distributor shall not sell or attempt to sell any Products to any Purebase Global Accounts, which shall be deemed a material breach of this Agreement.

2. PRICES AND PAYMENT.

2.1 **Ordering.** Distributor shall order Products from Purebase by submitting a written purchase order identifying the Products ordered, quantity, requested delivery date(s), shipping address and any export/import information required to enable Purebase to fill the order. All orders for Products are subject to acceptance by Purebase. If accepted, Purebase will provide Distributor with a detailed pro forma invoice representing an order acknowledgement. All prices, unless otherwise agreed upon by the Parties, do not include delivery charges, which shall be the sole responsibility of Distributor. Distributor shall specify the carrier on each purchase order. Purebase shall have no liability to Distributor with respect to purchase orders which are not accepted; provided, however, that Purebase will not unreasonably reject any purchase order for Products that meets the requirements of this Section 2.1 and that does not request any modifications or additions to the Products.

2.2 **Pricing by Purebase.** If a purchase order is accepted in accordance with Section 2.1 above, the prices for Products covered by such purchase order shall be in U.S. Dollars in accordance with the Product and Price List set forth in Exhibit A. Purebase may from time to time amend Exhibit A to change Product pricing, such change being effective thirty (30) days following delivery to Distributor of notice thereof; provided, however, that no price change shall affect purchase orders offered by Distributor and accepted by Purebase prior to the date such price change becomes effective. All shipping and freight services related to Products is the sole responsibility of Distributor and all costs related thereto shall be prepaid by Distributor.

Two handwritten signatures are present on the right side of the page. The first signature, on the left, appears to be "J.D." The second signature, on the right, appears to be "S.J." Both signatures are in black ink.



2.3 Pricing by Distributor. Except for any Territory located in Exhibit B, Distributor shall be free to establish its own pricing for Products sold, provided Distributor first obtains the written consent of Purebase. Distributor shall notify Purebase of its pricing, as in effect from time to time.

2.4 Limitations. The ultimate shipment of orders to Distributor shall be subject to the right and ability of Purebase to make such sales and obtain any required licenses and permits, under all decrees, statutes, rules and regulations of the government of the United States and agencies thereof presently in effect or which may be in effect hereafter. Any required licenses and permits shall be the exclusive financial responsibility of the Distributor.

2.5 Distributor Representations. Distributor hereby agrees: (i) to obtain or assist Purebase in obtaining any required licenses or permits or complying with any other regulatory requirements in the Territory by providing all reasonably requested support, including but not limited to supplying such documentation or information as may be requested by Purebase; (ii) to comply with such decrees, statutes, rules and regulations of the government of the United States and agencies thereof; (iii) to maintain the necessary records to comply with such decrees, statutes, rules and regulations; (iv) to not re-export any Products except in compliance with such decrees, statutes, rules and regulations; (v) to not sell, transfer, or otherwise dispose of the Products in violation of the export laws of the United States or the laws of the jurisdiction in which the Products are delivered; and (vi) to indemnify, defend and hold harmless Purebase from any and all fines, damages, losses, costs and expenses (including reasonable attorneys' fees) incurred by Purebase as a result of any breach of this Section 2.5 or Section 2.6 below by Distributor or any of Distributor's customers.

2.6 Export/Import Controls. Distributor hereby expressly acknowledges that the Product may be subject to export controls of the United States and import controls of the country in which the Territory is located and agrees and provides its assurances that the Products will not be transferred, directly or indirectly, to any destination contrary to the requirements of the law of the United States or the laws of the country in which the Territory is located.

2.7 Packing and Shipment. Unless Distributor requests otherwise, all Products ordered by Distributor shall be packed for shipment and storage in accordance with Purebase's standard commercial practices. It is Distributor's obligation to furnish Purebase with all packaging labels for placement upon product container prior to shipment (which shall be at Distributor's sole cost and expense). Risk of loss and damage to a Product shall pass to Distributor upon the delivery of such Product to the common carrier designated by Distributor. All claims for non-conforming shipments must be made in writing to Purebase within ten (10) days of the passing of risk of loss and damage, as described above. Any claims not made within such period shall be deemed irrevocably waived and released.

2.8 Payments. Distributor shall make a payment of thirty percent (30%) of the purchase order, with respect to the Product, immediately upon the acceptance of a purchase order and the remaining seventy percent (70%) of the balance due upon the submission of each Bill of Lading. All such amounts shall be paid in U.S Dollars. Amounts hereunder shall be considered to be paid as of the day on which funds are received by Purebase or into Purebase's account. No part of any amount payable to Purebase hereunder may be reduced due to any counterclaim, set-off, adjustment or other right which Distributor might have or claim to have against Purebase, any other party or otherwise. In the event Distributor cancels a purchase order for Products that involve unique formulation or special packaging and that was previously accepted by Purebase.

Two handwritten signatures are present on the right side of the page. The first signature, on the left, appears to be "D. A." The second signature, on the right, appears to be "ASL".



2.9 **Letter of Credit.** If Distributor is not located in the United States, Purebase may, in its sole discretion, require Distributor, at its sole cost, to provide to Purebase as collateral for the full and faithful performance by Distributor of all of its obligations under this Agreement, an irrevocable and unconditional negotiable letter of credit (the "Letter of Credit") in the amount of the purchase order (the "LC Amount"), payable at sight. Such Letter of Credit shall be issued by a solvent nationally recognized United States financial institution acceptable to Purebase, from which Purebase may draw on such Letter of Credit. The Letter of Credit shall: (i) remain valid and subject to the terms of this Section 2.9 for the term the Agreement, and if the Letter of Credit is replaced, renewed, or extended during the term of this Agreement, Distributor shall deliver a new Letter of Credit or certificate of renewal or extension to Purebase at least ninety (90) days prior to the expiration of the expiring Letter of Credit, without any action whatsoever on the part of Purebase; (ii) be fully assignable by Purebase; and (iii) permit partial draws. In addition to the foregoing, the form and terms of the Letter of Credit (and the financial institution issuing the same) shall be acceptable to Purebase, in Purebase's sole discretion, and shall provide, among other things, that: (A) such Letter of Credit shall be irrevocable, unconditional, and payable at sight; (B) Purebase, or its then managing agent, shall have the right to draw down an amount up to the face amount of the Letter of Credit upon the presentation to the issuing financial institution of Purebase's statement that such amount is due to Purebase under the terms and conditions of this Agreement, it being understood that such statement shall be signed by any member of the senior management of Purebase and; (C) the Letter of Credit will be honored by the issuing financial institution without inquiry as to the accuracy thereof and regardless of whether the Distributor disputes the content of such statement.

2.10 **Interest.** All amounts due and owing to Purebase hereunder that are not paid by Distributor on the due date thereof shall bear interest (in U.S. Dollars) at the rate of the lesser of: (i) 1.5% per month on the unpaid balance; or (ii) the maximum lawful interest rate permitted under applicable law. Such interest shall accrue on the balance of unpaid amounts from the date on which portions of such amounts become due and owing until payment thereof in full.

2.11 **Purchase Order Discrepancy.** In the event of any discrepancy between any purchase order accepted by Purebase and this Agreement, the terms of this Agreement shall govern.

3. OTHER OBLIGATIONS OF DISTRIBUTOR.

3.1 **Facilities and Resources.** Distributor shall employ competent and experienced service personnel, provide appropriate facilities and resources so as to render prompt and adequate service to the users of the Products in the Territory, and so as to comply with all of Distributor's obligations under this Agreement. Distributor shall provide adequate and appropriate training to its staff concerning the Products.

3.2 **Promotional Materials.** Distributor shall use sales and technical literature as well as promotional artwork and training materials provided by Purebase. Distributor may, at its sole cost and expense, alter such materials or develop any other materials in connection with the marketing and distribution of Products (including but not limited to product brochures and sales aids), subject to Purebase's review and written approval prior to any use of such materials. Purebase shall retain all right, title and interest in and to such materials.

3.3 **Customer Service.** Distributor shall provide customer service (including, but not limited to, taking orders, responding to customer inquiries, fulfilling requests for quotes on Product pricing, and forwarding Product complaints to Purebase as legally required) on a timely basis and shall provide such assistance and information to customers as is reasonably requested by Purebase.

Two handwritten signatures are present on the right side of the page. The first signature, on the left, appears to be "D.J." The second signature, on the right, appears to be "P.S." Both signatures are in black ink.



3.4 **Translations.** If Distributor is not located in the United States, Distributor shall translate, at its own expense, all user and technical manuals, and advertising and marketing information into the language(s) of its customers and provide Purebase with advance copies of all such materials for prior approval by Purebase. Purebase shall own such translations and related intellectual property rights; provided, however, Distributor shall have a non-exclusive right to use such translations during the term of this Agreement in connection with its activities pursuant to this Agreement.

4. PUREBASE'S OBLIGATIONS.

4.1 **Assistance.** Purebase will provide Distributor with such marketing and technical assistance and free Product samples as Purebase may in its discretion consider necessary to assist Distributor with the promotion of the Products. Purebase shall provide, in its discretion, appropriate field technical assistance to Distributor and Distributor's customers. In its sole discretion, Purebase may also assist Distributor through participation in national trade shows or seminars at such locations as selected by Purebase. Any new customer leads developed by Purebase in the Territory through the foregoing efforts will be directed to Distributor for follow up as potential customers.

4.2 **Training.** Purebase agrees to provide Product launch training to Distributor's personnel in connection with the marketing, sale, maintenance and support of the Products.

4.3 **Maintenance.** Purebase shall designate maintenance and support personnel to assist Distributor's support personnel in providing maintenance and support services.

5. RELATIONSHIP OF THE PARTIES.

5.1 **Independent Contractor.** The Parties acknowledge and confirm that Distributor is and shall at all times be considered for all purposes to be an independent contractor. The relationship shall not be construed to be that of employer and employee, nor to constitute a partnership, joint venture or agency of any kind.

5.2 **Expenses.** Distributor agrees to pay, and shall solely bear, all of its incurred expenses in connection with this Agreement, including without limitation all taxes, assessments, travel, lodging and entertainment expenses.

5.3 **Distributor not to enter contracts that bind Purebase.** Distributor shall have no right to enter into any contracts or commitments in the name of, or on behalf of, Purebase, or to otherwise bind Purebase in any respect whatsoever. In addition, Distributor shall not obligate or purport to obligate Purebase by issuing or making any affirmations, representations, warranties or guaranties with respect to the Products to any third party.

6. BEST EFFORTS; MINIMUM OBJECTIVES.

6.1 **Distributor's Best Efforts; Performance Objective.** Distributor agrees, for the term of and subject to the provisions of this Agreement, to use its best efforts to promote and market the Products to the maximum number of customers in the Territory. Upon signing this Agreement, Distributor and Purebase shall mutually agree in writing on the performance objectives to be met by Distributor for Purebase's fiscal year. The established performance objectives shall become a part of this Agreement, and attached hereto as Exhibit C. The establishment of performance objectives will be reviewed annually. Distributor shall provide Purebase with an annual analysis of the market, including market size, market share data, and

Two handwritten signatures are present on the right side of the page. The first signature, on the left, appears to be 'DB'. The second signature, on the right, appears to be 'JL'.



competitive activities. Such information shall be provided to enable Purebase in developing the global marketing and business plans for the mutual advantage of Distributor and Purebase.

6.2 Failure to use best efforts. Failure to meet any minimum established performance objectives set forth in Exhibit C shall constitute a material breach of this Agreement for the purposes of Section 13 and may result in the termination of Distributor's exclusivity granted herein.

7. REPORTING.

7.1 Customer Reports. Distributor shall provide Purebase with written quarterly reports, which shall include customer call reports, business trends, sales forecasts for the significant customers in the Territory, market forecasts and other reports and information requested by Purebase.

7.2 Adverse Event Reporting. Distributor shall notify Purebase immediately of (i) all adverse comments or complaints by Distributor's customers regarding the Products, including comments regarding the Products' quality, stability, contamination, condition, packaging, or any other attributes or defects, and (ii) all adverse events that may be attributable to a customer's use of the Products, whether or not Distributor can confirm that the event is actually associated with the Product, and whether or not Distributor can confirm that the event was due to defect or other aspect of a Product. Distributor shall provide Purebase with information regarding the reporting requirements in the Territory.

7.3 Alleged Defects. In the event of an actual or alleged defect of a Product, Distributor or its representatives or agents shall not make any statement as to the cause, prior to receiving Purebase's written analysis of such defect, and shall thereafter make no statements contrary to or inconsistent with the results of such analysis.

7.4 Product Recall; Remedial Action. If either Party believes that a recall of any Products in the Territory is desirable or required by law in the Territory or elsewhere, it shall immediately notify the other Party. The Parties shall then discuss reasonably and in good faith whether such recall is appropriate or required and the manner in which such recall should be handled. It is Purebase's exclusive right to issue recalls, advisory notices or similar remedial actions with respect to the Products. In the event of such remedial action, Distributor will support and fully cooperate with Purebase to comply with applicable laws and regulations, and Distributor will notify its customers and, upon Purebase's request, retrieve identified Products. Any actual recalls shall be for Purebase's account and sole liability as the manufacturer.

8. TRADEMARKS, SERVICE MARKS AND OTHER INTELLECTUAL PROPERTY.

8.1 Intellectual Property. Purebase grants Distributor a limited, non-exclusive, non-transferable right to use Purebase's trade names, trademarks, and service marks that are designated by Purebase for each Product (the "Purebase Intellectual Property") for the duration of this Agreement and solely in connection with selling, marketing and distributing the Products in accordance with this Agreement. Distributor shall, upon Purebase's request, cooperate with Purebase in any action necessary or desirable to register with the appropriate governmental agencies any Purebase trademark used or proposed to be used hereunder, and to protect any Purebase trademark proposed to be used. Distributor shall not at any time do or permit any act to be done which may in any way impair, limit or otherwise adversely affect the rights of Purebase in and to the Purebase Intellectual Property or the value of the Purebase Intellectual Property.

8.2 Quality Control. In order to comply with Purebase's quality control standards, Distributor shall: (i) use the Purebase Intellectual Property in compliance with all relevant laws and regulations; (ii)

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A handwritten signature in black ink, appearing to read 'John'.



accord Purchase the right to inspect during normal business hours, without prior advance notice, Distributor's facilities used in connection with efforts to store or sell the Products in order to confirm that Distributor's use of such Purebase Intellectual Property is in compliance with this provision; and (iii) not modify any of the Purebase Intellectual Property in any way and not use any of the Purebase Intellectual Property on or in connection with any goods or services other than the Products.

8.3 Inventions. Any inventions made, developed, conceived, or reduced to practice by Distributor that relate to the Products, and any intellectual property relating thereto, shall be owned solely by Purebase. Distributor hereby assigns and transfers to Purebase all right, title, and interest in and to such inventions and related intellectual property and agrees to take all further acts reasonably required to evidence such assignment and transfer to Purebase, all at Purebase's expense. Purebase hereby grants to Distributor a nonexclusive, royalty-free, nontransferable license to such improvements made by Distributor.

8.4 Notice of Intellectual Property Infringement. Distributor shall promptly notify Purebase in writing of any patent or copyright infringement or unauthorized use of Purebase Intellectual Property in the Territory of which Distributor becomes aware. Purchase shall have the exclusive right in its sole discretion to institute any proceedings against such third party in its name and on its behalf. Distributor shall cooperate fully with Purebase in any legal action taken by Purebase against such third parties, provided that Purebase shall pay all expenses of such action and all damage relating to damage suffered personally by Purebase which may be awarded or agreed upon in settlement of such action shall accrue to Purebase.

9. COVENANT NOT TO COMPETE. During the term of this Agreement, unless Distributor has previously disclosed to Purebase in writing of Distributor's existing competitive products, Distributor shall not market directly or indirectly in the Territory any products that are the same or similar to the Products and that are developed or manufactured by any party engaged in the similar industry as Purebase. In the event the Distributor breaches the terms of this Section 9 such breach will be deemed a material breach of this Agreement and Purebase may pursue all remedies available to Purebase at law or in equity with respect to such breach.

10. LIMITED WARRANTY.

10.1 Representations by Purebase. As to all components of the Products manufactured by Purebase, Purebase warrants that, at the time of shipment, Product supplied by Purebase hereunder: (i) shall meet the Product specifications agreed to in writing by the Parties; and (ii) shall be manufactured in accordance with good manufacturing practices; provided, however, that Purebase shall not be liable for any of the foregoing with respect to any Product labeling or package inserts to be provided or used by Distributor, or any translation thereof, or for any noncompliance with the foregoing due to the handling or packaging of Product by Distributor.

10.2 Limitations. Under no circumstances shall the warranties set forth in Section 10.1 apply to any Product which has been customized or modified, damaged, reused, or misused. In the event that the warranties set forth in Section 10.1 are breached and Purebase is responsible for such breach, the sole and exclusive remedy for Distributor will be replacement by Purebase of the defective Product at no cost to Distributor. THE PROVISIONS OF THE FOREGOING WARRANTIES ARE IN LIEU OF AN OTHER WARRANTY, WHETHER EXPRESS OR IMPLIED, WRITTEN OR ORAL (INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE). PUREBASE'S LIABILITY ARISING OUT OF THE MANUFACTURE, SALE OR SUPPLY OF THE PRODUCTS UNDER THIS AGREEMENT OR THE USE OR DISPOSITION OF PRODUCTS BY DISTRIBUTOR OR ITS CUSTOMER, WHETHER BASED UPON WARRANTY, CONTRACT, TORT OR OTHERWISE, SHALL NOT EXCEED THE ACTUAL PURCHASE PRICE PAID BY

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A handwritten signature, possibly 'S', in black ink.



DISTRIBUTOR OR CUSTOMER (AS THE CASE MAY BE) FOR THE PRODUCTS. IN NO EVENT SHALL PUREBASE BE LIABLE TO DISTRIBUTOR OR ANY OTHER PERSON OR ENTITY FOR SPECIAL, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF DATA OR LOSS OF USE DAMAGES) ARISING OUT OF THE MANUFACTURE, SALE OR SUPPLY OF THE PRODUCTS, EVEN IF PUREBASE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSSES.

11. REPRESENTATIONS BY DISTRIBUTOR; DISTRIBUTOR COVENANTS.

11.1 Representations by Distributor. Distributor hereby represents and warrants to Purebase that, as of the Effective Date: (a) it is qualified and permitted to enter into this Agreement and that the terms of this Agreement do not conflict with and are not inconsistent with any other of its contractual obligations; (b) it is validly existing and in good standing as an entity organized or formed under the laws of the State of Nevada, and has all necessary power to perform its obligations under this Agreement and its financial resources are sufficient to enable it to perform all of its obligations under this Agreement; (c) it has not at any time in the past three (3) years been involved, and is not currently involved, in any litigation or disciplinary action involving its business practices or operations before a regulatory authority or under the laws of any country, and to its knowledge no such proceedings are anticipated to commence during the term of this Agreement; (d) it has not at any time in the past five (5) years been included on any domestic or international government agency list prohibiting, limiting or monitoring Distributor's commercial transactions or operations with any businesses located in the United States; (e) it has sufficient personnel and capacity to perform its obligations under this Agreement; and (f) it owns or controls sufficient rights for it to perform its obligations under this Agreement.

11.2 Distributor's Covenants. Distributor hereby covenants that Distributor: (a) shall maintain or arrange for facilities for storage of the Products in the Territory and store the Products in accordance with the storage specifications that Purebase will provide in writing, and in accordance with all applicable laws, rules and regulations in the Territory; (b) shall distribute and ship the Products within the Territory in accordance with Purebase's packaging, shipping and distribution specifications for the Products that Purebase will provide in writing, and in accordance with all laws, rules and regulations in the Territory; (c) shall provide Purebase with access to Distributor's (or their customers') facilities to inspect and ensure compliance with the obligations of this Agreement; (d) shall diligently discharge and perform the obligations of this Agreement; (e) shall not adulterate or misbrand Products, or engage in any activity that could or does render Products adulterated or misbranded; and (f) shall comply with and maintain all necessary records for compliance with all laws, rules and regulations in the Territory, including compliance with all export and import laws, rules, and regulations affecting the Products.

12. INDEMNIFICATION AND INSURANCE.

12.1 Indemnification. Distributor shall indemnify, defend and save Purebase, its Affiliates (as defined below) and all officers, directors, employees and agents thereof (hereinafter referred to as "Indemnitees") harmless from all claims, demands, suits or actions (including attorneys' fees incurred in connection therewith) which may be asserted against Purebase for any kind of damages, costs, or liabilities, including without limitation damage or injury to property or persons and incidental and consequential damages, which may be sustained by any third party or any of the Indemnitees arising out of or incident to the conduct of Distributor's operations under this Agreement or its use or handling of the Products. For the purpose of this Agreement, "Affiliate" shall mean, with respect to a party, any company, natural person, partnership or other business entity that controls, is controlled by, or is under common control with such party, where the term "controls" denotes the ownership, directly or indirectly, of more than fifty percent (50%) of the voting securities or other ownership interest of an entity, or the possession, directly or

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A handwritten signature in black ink, appearing to read "S. S." or "Sarah S." followed by a stylized flourish.



indirectly, of the power to direct the management or policies of an entity, whether through the ownership of voting securities, by contract, or otherwise (with correlative definitions for the terms "controlled by" and "common control").

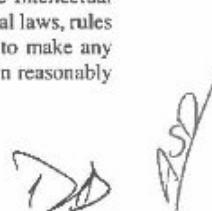
Purebase shall indemnify, defend and save Distributor, its Affiliates (as defined below) and all officers, directors, employees and agents thereof (hereinafter referred to as "Indemnitees") harmless from all claims, demands, suits or actions (including attorneys' fees incurred in connection therewith) which may be asserted against Distributor for any kind of damages, costs, or liabilities, including without limitation damage or injury to property or persons and incidental and consequential damages, which may be sustained by any third party or any of the Indemnitees arising out of or incident to the conduct of Purebase's operations under this Agreement or its use or handling of the Products. For the purpose of this Agreement, "Affiliate" shall mean, with respect to a party, any company, natural person, partnership or other business entity that controls, is controlled by, or is under common control with such party, where the term "controls" denotes the ownership, directly or indirectly, of more than fifty percent (50%) of the voting securities or other ownership interest of an entity, or the possession, directly or indirectly, of the power to direct the management or policies of an entity, whether through the ownership of voting securities, by contract, or otherwise (with correlative definitions for the terms "controlled by" and "common control").

12.2 Insurance. During the term of this Agreement and for two (2) years thereafter, Distributor shall secure and maintain an insurance policy issued by a reputable insurance company acceptable to Purebase, with an endorsement naming Purebase as an additional insured, which policy shall insure against any and all claims, liabilities, costs or expenses resulting from or caused by (or claimed to be resulting from or caused by) the actions or inactions of Distributor and any use, handling or distribution of any Products by Distributor in the amount of at least \$2,000,000 (U.S. Dollars) per claim, and \$3,000,000 (U.S. Dollars) for claims in the aggregate (said limits may be attained with umbrella or excess policies of insurance). Such insurance policies of insurance shall not be subject to cancellation or any material changes except after thirty (30) days prior written notice to Purebase. Distributor shall provide Purebase with a certificate of insurance evidencing full compliance with the requirements of this Section 12.2.

13. TERMINATION.

13.1 Term. The term of this Agreement shall commence on the later of: (i) the date upon which Purebase executes this Agreement or (ii) the date upon which Distributor executes this Agreement (the later of such dates being referred to as the "Effective Date"). Unless terminated earlier pursuant to the terms of this Section 13.1, the term of this Agreement shall be for one (1) year following the Effective Date and shall automatically renew thereafter for successive one (1) year terms. Notice of termination prior to the end of the then current term must be provided in writing to the other Party no less than ninety (90) days prior to the expiration of such term.

13.2 Termination for Material Breach. Upon the occurrence of a material breach or default as to any obligation hereunder by either Party and the failure of the breaching Party to cure such material breach or default within thirty (30) days after receiving written notice thereof from the non-breaching Party, this Agreement may be terminated by the non-breaching Party by giving written notice of termination to the breaching Party, such termination being immediately effective upon the giving of such notice of termination. Material breach includes, but is not limited to: (i) breach by either party of the provisions set forth in this Agreement; (ii) impairment by Distributor of Purebase's rights in the Purebase Intellectual Property, in violation of Section 8 above; (iii) breach by either party of any federal, state or local laws, rules or regulations or any laws, rules or regulations of the Territory; (iv) failure of Distributor to make any payments timely and in accordance with this Agreement; (v) failure to establish and maintain reasonably

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sufficient personnel to adequately and effectively sell the Products within the Territory; (vi) failure to use best efforts or satisfy minimum performance objectives in accordance with Section 6.1 and Exhibit C; (vii) engaging in any act that is detrimental to Purebase, the Products, or Purebase's reputation; or (viii) any breach of any covenant, representation or warranty in this Agreement.

13.3 **Change of Control of Distributor.** In the event of a Change of Control of Distributor, Purebase may terminate this Agreement by giving written notice of termination to Distributor, such termination being immediately effective upon the giving of such notice of termination. For the purpose of this Agreement, "Change of Control of Distributor" shall mean (i) any consolidation or merger of Distributor with or into any other corporation or other entity or person, or any other corporate reorganization, in which the capital stock of Distributor immediately prior to such consolidation, merger or reorganization, represents less than fifty percent (50%) of the voting power of the surviving entity (or, if the surviving entity is a wholly owned subsidiary, its parent) immediately after such consolidation, merger or reorganization; or (ii) any transaction or series of related transactions to which Distributor is a party in which more than fifty percent (50%) of Distributor's voting power is transferred to a third party; or (iii) the consummation of a sale of all or substantially all of the assets of Distributor in any transaction or series of related transactions, other than a sale of all or substantially all of the assets of Distributor to an entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are owned by shareholders of Distributor in substantially the same proportions as their ownership of Distributor immediately prior to such sale.

13.4 **Bankruptcy.** Upon the filing of a petition in bankruptcy, insolvency or reorganization against or by either Party, or either Party becoming subject to a composition for creditors, whether by law or agreement, or either Party going into receivership or otherwise becoming insolvent (the "Insolvent Party"), this Agreement may be terminated by the other Party by giving written notice of termination to the Insolvent Party, such termination immediately effective upon the giving of such notice of termination.

13.5 **No Compensation.** In the event of a termination pursuant to any of Sections 13.2 – 13.4 above or upon expiration of this Agreement pursuant to Section 13.1 above, Purebase shall not have any obligation to Distributor, or to any employee of Distributor, for compensation or for damages of any kind, whether on account of the loss by Distributor or such employee of present or prospective sales, investments, compensation or goodwill. Distributor, for itself and on behalf of each of its employees, hereby waives any rights which may be granted to it or them under the laws and regulations of the Territory or otherwise which are not granted to it or them by this Agreement. Distributor hereby indemnifies, defends and holds Purebase harmless from and against any and all claims, costs, damages and liabilities whatsoever asserted by any employee, agent or representative of Distributor under any applicable termination, labor, social security or other similar laws or regulations.

13.6 **Payments Owed on Termination.** Termination of this Agreement shall not affect the obligation of Distributor to pay Purebase all amounts owing or to become owing as a result of Products tendered or delivered to Distributor on or before the date of such termination, as well as interest thereon to the extent any such amounts are paid after the date they became or will become due pursuant to this Agreement.

14. SELL-OFF PERIOD; REPURCHASE OF INVENTORY.

14.1 **Sell-Off Period.** Upon termination or expiration of this Agreement, other than by Purebase pursuant to Section 13.3 or Section 13.4, Distributor shall have the right to sell off its remaining inventory of Products on a non-exclusive basis for one hundred eighty (180) days after such termination or expiration or for so long as such inventory exists, whichever is shorter; provided, however, that Distributor shall

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comply with all terms and conditions of this Agreement, including those that restrict reselling activities, in effect immediately prior to termination or expiration. Distributor's rights under this Section 14.1 are expressly subject to Purebase's option to repurchase Distributor's inventory of Products, as set forth in Section 14.2.

14.2 Option to Repurchase. Upon either termination or expiration of this Agreement, as the case may be, Purebase shall have the option to repurchase Distributor's inventory of Products, which option must be exercised in writing within thirty (30) days after such termination or expiration. If Purebase exercises such option, Purebase shall repurchase Distributor's inventory of Products that are saleable and in the original packages and unaltered from their original form, subject to Purebase's inspection, test, and acceptance. Any such repurchase of Distributor's inventory of Products shall be at a price agreed upon by the Parties, but in no event greater than the original price paid for such Product. Repurchased inventory shall be shipped by Distributor freight prepaid for Purebase's account, according to Purebase's instructions. Purebase shall pay Distributor for such repurchased Products and freight within thirty (30) days after Purebase receives those Products in one of its facilities.

15. GENERAL TERMS.

15.1 Modification. No modification or change may be made in this Agreement except by written instrument duly signed by Distributor and by a duly authorized representative of Purebase.

15.2 Assignment. Distributor may not assign all or any part of its rights and obligations under this Agreement to anyone without the prior written consent of the Purebase. Purebase may assign its rights and obligations under this Agreement to (a) any of its Affiliates, (b) any person or entity to whom Purebase licenses or otherwise transfers the right to manufacture Product, or (c) any person or entity with which Purebase is merged or by which it is acquired or which purchases all or substantially all of its assets; provided that any such assignee agrees to abide and perform all Purebase's obligations and duties under this Agreement. Purebase shall notify Distributor of any such assignment. Any prohibited assignment shall be null and void.

15.3 Notice. All notices given under this Agreement shall be in writing and shall be addressed to the Parties at their respective addresses set forth below:

If to Distributor: New Ag Technologies Inc.,
Attn: Dean Dinh
30011 Ivy Glenn, Suite 224
Laguna Niguel, Ca. 92677
Tel.: (714) 612-3286

If to Purebase: Purebase AG
Attn: President/CEO
8625 State Highway 124
Ione, California, 95640
Tel.: (209) 274-9143

Either Party may change its address or contact information for purposes of this Agreement by giving the other Party written notice of its new address or contact information. Any such notice if given or made by overnight courier or recognized international courier shall be deemed to have been received on the earlier of the date actually received and the date five (5) days after the same was posted (and in providing

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such it shall be sufficient to prove that the package containing the same was properly addressed and posted as aforesaid) and if given or made by telecopy transmission shall be deemed to have been received at the time of dispatch, unless such date of deemed receipt is not a business day, in which case the date of deemed receipt shall be the next such succeeding business day.

15.4 Waiver. None of the conditions or provisions of this Agreement shall be held to have been waived by any act or knowledge on the part of either Party, except by an instrument in writing signed by a duly authorized officer or representative of the Parties. Further, the waiver by either Party of any right hereunder or the failure to enforce at any time any of the provisions of this Agreement, or any rights with respect thereto, shall not be deemed to be a waiver of any other rights hereunder or any breach or failure of performance of the other Party.

15.5 Construction of Agreement. This Agreement shall be interpreted in accordance with the commonly understood meaning of the English words and phrases hereof in the United States of America, and it and performance by the Parties shall be construed and governed according to the laws of California, without regard to conflicts of law principles that would provide for application of the law of a jurisdiction outside California. Each Party represents that it has received independent legal advice with respect to the preparation of, and the advisability of entering into, this Agreement and neither has been entitled to rely upon nor has in fact relied upon the legal or other advice of the other Party or such other Party's counsel in entering into this Agreement. Each Party has participated in the drafting and preparation of this Agreement, and, accordingly, in any construction or interpretation of this Agreement, the same shall not be construed against either Party by reason of the source of drafting.

15.6 Governing Law; Venue. This Agreement shall be construed under the laws of the State of California, United States of America. The Parties hereby submit to the jurisdiction of any State or Federal court sitting in city of Ione or Amador County, involving any suit, action or proceeding arising out of or relating to this Agreement. Each of the Parties hereby agrees that service of any process, summons, notice or document by U.S. registered mail addressed to it at the address set forth above shall be effective service of process for any action, suit or proceeding brought against it in any such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Each of the Parties agrees that a final judgment in any such suit, action or proceeding brought in any such court shall be conclusive and binding upon it and may be enforced in any other courts to whose jurisdiction such Party is or may be subject, by suit upon such judgment.

15.7 Proprietary Information: Mutual Confidentiality. The Parties agree that they have a proprietary interest in any information provided to each other, whether in connection with this Agreement or otherwise, whether in written or oral form, which is: (i) a trade secret, confidential or proprietary information, and (ii) not publicly known (the "Proprietary Information"). The Parties shall disclose the Proprietary Information only to those of their agents and employees to whom it is necessary in order properly to carry out their duties as limited by the terms and conditions hereof. Both during and after the term of this Agreement, all disclosures by the Parties to their agents and employees shall be held in strict confidence by such agents and employees. During and after the term of this Agreement, The Parties and their agents and employees shall not use the Proprietary Information for any purpose other than pursuant to this Agreement. Both parties agree to, at their own expense, return to the other Party the Proprietary Information as soon as practicable after the termination or expiration of this Agreement. All such Proprietary Information shall remain the exclusive property of the Party who generated the Proprietary Information during the term of this Agreement and thereafter.

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15.8 **Entire Agreement.** This Agreement, including all Exhibits, supersedes and cancels any previous agreements or understandings, whether oral, written or implied, heretofore in effect and sets forth the entire agreement between the Parties with respect to the subject matter hereof.

15.9 **No Rights by Implication.** No rights or licenses with respect to the Products or the Purebase Intellectual Property are granted or deemed granted hereunder or in connection herewith, other than those rights expressly granted in this Agreement.

15.10 **Responsibility for Taxes.** Taxes, whether in the Territory or any other country, now or hereafter imposed with respect to the transactions contemplated hereunder shall be the responsibility of Distributor, and if paid or required to be paid by Purebase, the amount thereof shall be added to and become a part of the amounts payable by Distributor hereunder.

15.11 **Modification of Products.** Distributor may not customize, alter, or modify any Product unless it obtains the prior written consent of Purebase, which consent may be withheld in the sole discretion of Purebase. Any unauthorized alteration or modification of any Product by Distributor or any third party shall relieve Purebase from any obligation it would otherwise have had with respect to such Product under the warranties described herein.

15.12 **Compliance with Laws.** Each Party covenants that all of its activities under or pursuant to this Agreement shall comply with all applicable laws, rules and regulations. In particular, but without limitation, Distributor shall be responsible for obtaining all licenses, permits and approvals which are necessary or advisable for the import or export of Products or for sales of the Products in the Territory and for the performance of its duties hereunder.

15.13 **Attorneys' Fees.** In the event of any legal action under this Agreement, then the prevailing Party in such action shall be entitled to have and recover from the other Party all costs and expenses (including attorneys' fees) incurred in such action and any appeal therefrom.

15.14 **Severability.** If any provision of this Agreement is declared invalid or unenforceable by a court having competent jurisdiction, it is mutually agreed that this Agreement shall endure except for the part declared invalid or unenforceable by order of such court. The Parties shall consult and use their best efforts to agree upon a valid and enforceable provision which shall be a reasonable substitute for such invalid or unenforceable provision in light of the intent of this Agreement.

15.15 **Counterparts.** This Amendment may be executed separately in counterpart by each Party and when all of the separately executed counterpart signature pages have been combined in a single instrument, and constitute a fully executed counterpart of this Amendment. Electronically reproduced and/or transmitted signatures are equivalent to original signatures for all purposes hereof.

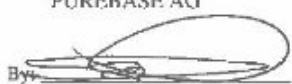
15.16 **Performance By Affiliates.** The Parties recognize that Purebase may perform some or all of its obligations, or exercise some or all of its rights, under this Agreement through one or more of its Affiliates. Any reference to Purebase in this Agreement shall be deemed to include any such Affiliates of Purebase so engaged by Purebase as it deems appropriate in light of the particular facts and circumstances.

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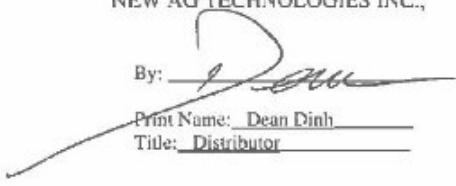
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have agreed to and executed this Agreement as of the Effective Date.

"Purebase"
PUREBASE AG
By: 

Print Name: A. Scott Dockter
Title: President/CEO

"Distributor"
NEW AG TECHNOLOGIES INC.,

By: 

Print Name: Dean Dinh
Title: Distributor

Handwritten signatures, likely belonging to A. Scott Dockter and Dean Dinh, are placed here.



EXHIBIT A
PRODUCT IDENTIFICATION AND PRICE LIST

Product Name

Price

CropKote (WP)

\$450.34 /metric-ton FOB Ione Ca.

Organic S.E.A 2-2-2Fertilizer

\$350.00 /metric-ton FOB Ione Ca.

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EXHIBIT B
TERRITORY

As referred to in section 1.2 of this agreement the term "Territory" shall refer to Southeast Asia. The terms of the use of "Territory" are subject to change based on both Parties need for growth and expansion.

DD
BS



EXHIBIT C
PUREBASE SOIL ADVANTAGE (N-P-K)
Agricultural Mineral – Organic Fertilizer

Refer to attachment labels for Agricultural Mineral Analysis and Product Information:

- CropKote (WP)
- Organic S.E.A 2-2-2 Fertilizer

DD
BS



CropKote (WP)

FOR ORGANIC AND CONVENTIONAL AGRICULTURE

Kaolin clay wettable powder. Protects vegetables, fruits, nuts and most row crops	Reflects and diffuses ultraviolet light to dissipate heat and reduce plant stress	Suppresses and/or controls many pests and may discourage bird damage
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NON-PLANT FOOD INGREDIENT: Kaolin Clay, Cayenne Pepper, Garlic, and Boric Salts

INTENDED USE: Provide sun protection to foliage, vegetables, fruits, nuts and most row crops. (May provide protection from a variety of pests and birds)

DIRECTIONS FOR USE: CropKote WP may be applied with backpack, ground or aerial spray equipment.

When mixed properly, the material will go into suspension, not solution, and will require continuous agitation during application.

To make a slurry, fill the application equipment tank with 1/2 of desired water, start agitator, slowly add desired amount of CropKote WP and then finish filling the container with balance of desired water.

Continue to agitate until thoroughly blended. Continue to agitate during application.

APPLICATION RATES:

For Avocados, Citrus and Nuts: Mix 1/2 to 1 lb. of CropKote WP per gallon of water. Apply between 100 to 500 gallons per acre as needed for desired coverage. Depending on weather conditions, it is suggested that the application be repeated every ten days.

Vegetables and Row crops such as melons, onions, bell peppers, tomatoes: Mix 1/2 to 1 lb. of CropKote WP per gallon of water. Apply between 50 to 200 gallons per acre. Melon fruits may require additional coverage for desired sun protection.

Fruit Trees, Berries and Vines including apples, pears and pomegranates: Mix 1/2 to 3/4 lbs. of CropKote WP per gallon of water and apply between 100-500 gallons per acre depending on tree size. Fruits may be sprayed directly for additional sun protection.

Nursery and Ornamentals: Mix 1/4 to 1/2 lb. of CropKote WP per gallon of water. Apply between 50 to 100 gallons per acre. When applied as directed, a white residue may be left on the outer skin that may need to be cleaned prior to final packaging.

COMPATIBILITY: This product has not been tested with, nor does the manufacturer recommend the addition of other products.

FIRST AID: Inhalation: remove to fresh air. If in eyes: Rinse cautiously with water for several minutes.

Remove contact lenses if present and easy to do - continue rinsing. If eye irritation persists: Get medical attention. Skin Contact: rinse with water

WARNING: This product can expose you to chemicals including crystalline silica, which is known to cause cancer.

DANGER: May cause cancer, causes serious eye irritation.

HANDLING: Not for Human Consumption. Keep out of the reach of children. Obtain special instruction before use. Do not handle until all safety precautions have been read and understood. Wash thoroughly after handling.

Wear protective gloves / eye protection / face protection.

If exposed or concerned: Get medical advice/attention.

Use Protective Safety Goggles, NIOSHA approved respirator and overalls to keep skin contact to a minimum.

STORAGE AND DISPOSAL: Store locked up. Dispose of contents and container in accordance with local, regional, and national regulations.

LIMITED WARRANTY

New Ag. Technologies Inc. warrants that this product conforms to the Guaranteed Analysis. Liability of New Ag. Technologies Inc. is limited to the replacement of any product that does not meet these specifications. Buyer assumes all associated risks and New Ag. Technologies Inc. will not be held liable for property damages or personal injury resulting for the use, storage or handling of this product.

NET WEIGHT

25 kg

Manufactured in Lodi, CA

and Guaranteed by:

New Ag. Technologies
50 West Liberty Street Suite 880
Reno, NV 89501

DD
Pg. 1 of 6

SB



CropKote (WP)

FOR ORGANIC AND CONVENTIONAL AGRICULTURE

Kaolin clay wettable powder. Protects vegetables, fruits, nuts and most row crops	Reflects and diffuses ultraviolet light to dissipate heat and reduce plant stress	Suppresses and/or controls many pests and may discourage bird damage
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Description

Derived from kaolin clay, a natural mineral, CropKote WP forms a barrier film that acts as a broad spectrum crop protectant. It is labeled to control insect pests and disease, while protecting against sunburn and heat stress.

The kaolin clay coats the plants with a white powder film that acts in several ways to deter pests. It creates a hostile environment for insects and mites, the particles adhere to the insects acting as a strong irritant and the film creates a physical barrier to insects like psylla. The other organic additives protect crops by controlling or suppressing a variety of pests by natural means.

The material is porous, which allows the important process of gas exchange to occur. In addition, CropKote WP helps prevent sunburn damage and can enhance fruit coloring.

• Use on trees such as apples, pears, peaches, citrus, berries and some field crops.

• Labeled for use with a wide range of insects. For a full list of the pests that it controls click on the Product label link under Useful Information to see the list on the CropKote WP label.

For complete information and mixing instructions, click on the Product Label link under Useful Information.

Manufactured in Ione, CA

and Guaranteed by:

New Ag Technologies Inc.
1766 E. Belmont Ave.
Anaheim, CA 92805 USA
714-612-3286

Characteristics

Chemical Form	Concentrate, Dry
Organic Status	Approved for Use in Certified Organic Agriculture
Active Ingredients	Kaolin Clay, Cayenne Pepper, Garlic, and Boric Salts
Application Frequency	Multiple Application
Application Season	Fall, Spring, Summer, Winter
Organic Ingredients	Yes
Pest Control Class	Fungicide, Insecticide
Fungus & Disease Control	Leaf Spot
Insect Control	Termites, Apple Maggots, Codling Moths, Cut Worms, Grasshoppers, Gypsy Moths, Japanese Beetles, Leaf Roller, Leafhoppers, Oriental Fruit Moth, Sharpshooter, Stink Bugs, Thrips



CropKote (WP)

FOR ORGANIC AND CONVENTIONAL AGRICULTURE

NOTE TO BUYER/USER: READ THE FOLLOWING BEFORE USING THIS PRODUCT FOR SPECIAL USE APPLICATIONS:

The DIRECTIONS FOR USE for this product for the use on pome fruits, described below, were developed by persons other than New Ag Technologies Inc. New Ag Technologies Inc. itself makes no representation or warranty with respect to performance (efficacy) and/or crop tolerance (phytotoxicity) claims for this product when used in accordance with this label.

Accordingly, the user assumes risk of damage or loss resulting from such uses, and agrees to hold New Ag Technologies Inc. harmless from any claims based on efficacy and/or phytotoxicity in connection with the uses described below.

DIRECTIONS FOR USE ON POME FRUITS crop group 11 (apple, crabapple, pear, quince)

Spray Volume: Apply to near-drip. Do not apply to run-off to avoid waste and poor coverage. For typical semi-dwarf trees in full foliage, a spray volume of 1000 to 2000 liters per hectare is recommended. Adjust volume per Tree Row Volume to achieve near drip for larger or smaller trees. For mature pear trees, a spray volume of 1000 – 2000 liters per hectare is recommended.

Concentration (the amount of CropKote WP crop protectant per 1000 liters of water): Use 25 to 50 kg CropKote WP crop protectant per 1000 liters of water. Early applications typically use 37.5 to 50 kg CropKote WP crop protectant per 1000 liters of water per hectare while follow-up applications may only require 25 kg CropKote WP crop protectant per 1000 liters of water per hectare.

CropKote WP crop protectant may decrease damage to pome fruits (apple, crabapple, quince and pear) caused by the pests listed in the following table. Supplemental methods may be needed to enhance the level of performance achieved by application of CropKote WP crop protectant. Applications at petal fall may disrupt leaf miner parasitism, requiring supplemental control measures.

Plant Response Precautions: CropKote WP crop protectant keeps plant surfaces cooler and an advance or delay in maturity may result. Pome fruit may have maturity delays of 3 to 7 days, especially in cool regions.

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CropKote (WP)

FOR ORGANIC AND CONVENTIONAL AGRICULTURE

PEST

Application Rate: kg product/ha

RECOMMENDATIONS

Pear psylla

SO

Monitor populations to ensure that applications are needed, and apply prior to oviposition in the spring. Pre-bloom: Apply up to 3 pre-bloom applications every 7-10 days. Make first application as early as the delayed dormant stage or pear development, but no later than green cluster bud. Petal Fall: Apply 3 applications every 7-14 days starting at first petal fall. Tarnished plant bug Start application before infestation begins and continue at 7-14 day intervals. Lengthening respray interval past 14 days is not recommended. Over-wintering leafrollers, especially oblique banded leafroller (OBLR) Apply first 2 sprays 7 days apart starting just prior to green tip stage of host development or at initial emergence of leafroller larvae, as determined by monitoring. Make initial application before larvae roll up into leaves. For subsequent generations apply at 7 – 14 day intervals as larvae emerge. Leafhoppers Apply first spray within 3 days of first petal fall or at initial infestation as determined by monitoring. Continue every 7-14 days during infestation period. Apple maggot Apply 2 sprays 7 days apart before expected oviposition or at first detection of infestation. Continue applications every 7-14 days to keep fruit completely covered during egg laying period. Plum curculio, codling moth (first generation only), oriental fruit moth, apply at first detection. Continue applications every 7 days to keep fruit completely covered during egg laying period. Sunburn and heat stress

NOTE TO USER: READ THE FOLLOWING BEFORE USING THIS PRODUCT FOR THE INDICATED SPECIAL USE APPLICATIONS:

The DIRECTIONS FOR USE for this product for the uses described below were developed by persons other than New Ag Technologies Inc. and accepted for registration by Health Canada under the User Requested Minor Use Label Expansion program. New Ag Technologies Inc. itself makes no representation or warranty with respect to performance (efficacy) or crop tolerance (phytotoxicity) claims for this product when used on the crops listed below. Accordingly, the

Buyer and User assume all risks related to performance and crop tolerance arising, and agree to hold New Ag Technologies Inc. harmless from any claims based on efficacy or phytotoxicity in connection with the uses described below.

DIRECTIONS FOR USE ON CUCURBITS crop group 9 (balsam apple; balsam pear; cantaloupe; chayote; fruit; cucumber; cucumber, Chinese; gherkin, West Indian; gourd, edible; melon; melon, citron; muskmelon; pumpkin; squash; squash, summer; squash, winter; watermelon; waxgourd, Chinese)

Mix Instructions: For order of addition and exact mix instructions for agitating and non-agitating sprayer tanks see 'a. Mix Instructions'.

Manufactured in Ione, CA

and Guaranteed by:

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1766 E. Belmont Ave.
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Pg. 4 of 6



CropKote (WP)

FOR ORGANIC AND CONVENTIONAL AGRICULTURE

Spray Volume: Apply to near-drip. Do not apply to run-off to avoid waste and poor coverage. The volume of water/ha required will increase throughout the growing season in relationship to the increasing size of the crop and its foliage. A maximum spray volume of 500 L water/ha is recommended. Application of plain water via normal sprayer prior to harvest may help to reduce CropKote WP crop protectant residues.

For suppression of cucumber beetles: Use 12.5 to 25 kg CropKote WP crop protectant per 500 liters of water. Do not exceed 25 kg of CropKote WP/ha per application. Apply at 5-7 day intervals with the first two applications 3 days apart starting prior to infestation of adult beetles. Use the higher concentration for the first application and the lower rate for all subsequent applications. During periods of wet weather reapply CropKote WP crop protectant as soon as foliage is dry to re-establish coverage. There may be up to 5 applications per crop per year. Ground application only. CropKote WP crop protectant may alter harvest parameters and may delay maturity. Closely monitor harvest parameters to determine optimal time to harvest.

DIRECTIONS FOR USE ON GRAPES

Spray Volume: Apply to near-drip. Do not apply to run-off to avoid waste and poor coverage. Application of plain water via normal sprayer prior to harvest may help to reduce CropKote WP crop protectant residues. This may be particularly helpful for wine grapes.

For reduction of damage by leafhoppers (including eastern grape leafhopper, potato leafhopper, three banded leafhopper, Virginia creeper leafhopper and western grape leafhopper): Use 25 to 50 kg CropKote WP crop protectant per 1000 liters of water. Do not exceed 50 kg of CropKote WP/ha per application. Apply at 7 to 14 day intervals once initial infestation is detected by monitoring. For early applications, use 50 kg CropKote WP crop protectant per 1000 liters of water per hectare while follow-up applications may only require 25kg CropKote WP crop protectant per 1000 liters of water per hectare. Maintain good film coverage to maximize potential benefits of CropKote WP crop protectant.

CropKote WP crop protectant may alter harvest parameters and may delay maturity especially in white varieties. Closely monitor harvest parameters to determine optimal time to harvest. Changes in harvest parameters can affect final taste.

Wine grapes sprayed up to veraison will have minimal adherence to berries. Applications after veraison will adhere better to grape berries. Applications may be made up to the day of harvest. For table grapes where a residual white film is not desired, do not apply CropKote WP crop protectant post-bloom.

Manufactured in Ione, CA
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CropKote (WP)

FOR ORGANIC AND CONVENTIONAL AGRICULTURE

DIRECTIONS FOR USE ON TREE NUTS, crop group 14 (walnuts, hazelnuts, sweet chestnuts, butternuts, pecans and hickory nuts).

Application Concentration: Apply 25 to 50 kg CropKote WP Crop Protectant per 1000 liters of water. For initial application, use 50 kg/1000 L. Subsequent applications may require only 25 kg/1000 L. A spray volume of up to 2000 L/ha containing 50-100 kg of CropKote WP Crop Protectant is recommended for larger trees (4.5 to 7 meters in height). Apply to near-drip. Do not apply to run-off to avoid waste and poor coverage. Ensure good film coverage to maximize potential benefits of CropKote WP Crop Protectant.

Application of plain water via normal sprayer prior to harvest may help to reduce CropKote WP Crop Protectant residues.

Pest Crop Application Timing

Leafrollers Walnuts and Hazelnuts

Begin applications just prior to green tip stage or at initial emergence of leafroller larvae, as determined by monitoring. Make initial application before larvae roll up into leaves. Make second application 7 days later. For subsequent generations, apply at 7-14 day intervals as larvae emerge.

Leafhoppers Sweet Chestnuts Begin applications within 3 days of first petal fall or at initial infestation, as determined by monitoring, and make subsequent applications every 7-14 days during infestation period.
Walnut husk fly (husk maggot)

Walnuts

Begin applications before expected oviposition or at first detection of infestation. Make second application 7 days later and subsequent applications at 7-14 day intervals as needed to maintain good film coverage.

Butternut curculio

Walnuts, Butternuts, Pecans and Hickory Nuts

Begin applications at first detection and make subsequent applications every 7 days as needed to keep nuts completely covered throughout egg-laying period.

Manufactured in Ione, CA

and Guaranteed by:

New Ag Technologies Inc.
1766 E. Belmont Ave.
Anaheim, CA 92805 USA
714-612-3286

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Organic S.E.A. 2-2-2 Fertilizer

GUARANTEED ANALYSIS

Nitrogen	2%	Iron (Fe).....	1%
Phosphorous.....	2%	Zinc (Zn).....	.2%
Soluble Potash (K ₂ O)	2%	Boron (B).....	100ppm
Sulfur (S).....	1%	Copper (Cu).....	100ppm
Calcium (Ca)	15%	Molybdenum (Mo).....	40ppm
Manganese (Mg).....	1%	Nickel (Ni).....	30ppm

NUTRIENTS DERIVED FROM:

Limestone, meat and bone meal, Leonardite, Dolomite, Sulfate of Potash, Lignin Sulfonate, Iron Sucrate, Manganese Sucrate, and Zinc Sucrate

ALSO CONTAINS NON-PLANT FOOD INGREDIENTS

1% Humic Acid derived from Leonardite, 25% Organic Matter and 3% Carbon (C) derived from Leonardite and meat and bone meal.

Purpose of Statement:

Provides plant nutritional minerals. For Monocotyledon crops, increases cell turgidity, resistance to lodging, provides favorable exposure of leaves to light, reduction of drought stress, tolerance to heat or cold stress. Increases agricultural production (rice and sugarcane).

Handling:

Not for Human Consumption...Keep out of the reach of children.

Use Protective Safety Goggles, NIOSHA approved respirator and overalls to keep skin contact to a minimum. Read SDS (Safety Data Sheet) for additional information prior to initial use. The SDS is available at www.nowag.com. Information regarding the contents and levels of metals in this product is available by calling (209) 790-4535. Buyer assumes all risks of use, storage and handling of this product. Neither New Ag Technologies nor its agent make any warranty, expressed or implied, except those listed on product packaging.

First Aid: **Inhalation:** remove to fresh air. **Eye contact:** rinse cautiously with water.

Skin Contact: rinse with water. In case of accidental skin exposure, remove contaminated clothing. Wash skin thoroughly with soap and water or use a recognized skin cleanser. In case of accidental eye exposure, irrigate copiously with clean water for at least 15 minutes, holding the eyelids apart and seek medical attention.

Directions for Use:

New Ag Technologies Organic 2-2-2 Fertilizer may be broadcasted mechanically or by hand and then lightly incorporated onto the soil followed by heavy irrigation several days or weeks before final tilling of beds or furrows.

New Ag Technologies Organic 2-2-2 Fertilizer may also be incorporated below the seedbed when direct seed planting or spread by aircraft with broadcasting equipment such as a venturi system.

Application rates:

For Fruit Trees, Citrus and Nuts. On matured well producing orchards: incorporate between 400 kg to 1000 kg. per hectare yearly as a post-harvest treatment. On newly established orchards: incorporate 1800 to 3000 kg. per hectare depending on the soil condition. On mid age orchards with indications of declining yields: incorporate as a post-harvest soil treatment at least 2000 kg. depending on soil conditions.

Vegetables and Row crops like melons, onions, bell peppers, and tomatoes. Incorporate 400 to 650 kg. per hectare per season at pre-planting. If soil compactness or sodium content are high and water conductivity is poor, application may vary up to 3000 kg. per hectare per year.

Vines. On matured well producing vineyards incorporate between 600 kg to 1200 kg. per hectare yearly as a post-harvest treatment. On newly established vineyards incorporate 1800 to 3000 kg. per hectare depending on the soil condition.

High Silicon accumulators of the Monocotyledon type such as corn, rice, sugar cane, and date palm: Incorporate 1000 lbs. per acre per season at pre-plant for row crops and at post-harvest in established permanent crops.

Compatibility: This product has not been tested with, nor does the manufacturer recommend the additions of other products

WARNING

KEEP OUT OF REACH OF CHILDREN.

DO NOT INHALE OR INGEST PRODUCT.

MAY CAUSE IRRITATION TO EYES OR SENSITIVE SKIN.

MATERIAL SAFETY DATA SHEET IS AVAILABLE UPON REQUEST.

STORE SEALED IN A DRY LOCATION AFTER OPENING.

Information regarding the contents and levels of metals in this product is available on the internet at <http://www.aapfco.org/metalos.htm>

LIMITED WARRANTY

New Ag Technologies warrants that this product conforms to the Guaranteed Analysis. Liability of New Ag Technologies is limited to the replacement of any product that does not meet these specifications. Buyer assumes all associated risks and New Ag Technologies will not be held liable for property damages or personal injury resulting from the use, storage or handling of this product.

NET WEIGHT

25kg.

**Manufactured in Lodi, CA
and Guaranteed by:**

New Ag Technologies Inc.
50 West Liberty Street
Suite 800
Reno, NV 89501

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (C) IN COMPLIANCE WITH RULE 144 OR 144A THEREUNDER, IF AVAILABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT, OR (E) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, AND THE HOLDER HAS, PRIOR TO SUCH SALE, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY. HEDGING TRANSACTIONS INVOLVING THESE SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.

5% UNSECURED CONVERTIBLE PROMISSORY NOTE

PUREBASE CORPORATION

DUE _____, [2021]

This Unsecured Convertible Promissory Note (the "Note") is a duly authorized and issued convertible promissory note (the "Note") of PUREBASE CORPORATION, a Nevada corporation (the "Company"). The Note has been issued in accordance with exemptions from registration under the Securities Act of 1933, as amended (the "Securities Act") pursuant to a Securities Purchase Agreement dated _____, 2019 (the "Purchase Agreement") between the Company and the Holder (as defined below). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

Article I.

Section 1.01 Principal and Interest. (a) FOR VALUE RECEIVED, the Company hereby promises to pay to the order of U.S. Mine Corp., a Nevada corporation (together with its permitted assigns, the "Holder"), in lawful money of the United States of America and in immediately available funds the principal sum of Dollars (US\$_____) on _____, [2021] (the "Maturity Date").

The Company further promises to pay interest in cash on the unpaid principal amount of this Note at a rate per annum equal to five percent (5%), commencing to accrue on the date hereof and payable on the Maturity Date or earlier prepayment as provided herein. Interest will be computed on the basis of a 360- day year of twelve 30-day months for the actual number of days elapsed.

Section 1.02 Conversion. At any time, the Holder may, in its sole discretion, determine to convert (each, a "Conversion") all or part of the outstanding principal amount of this Note, together with accrued and unpaid interest due thereon, into shares of common stock ("Common Stock") of the Company, par value \$0.001 per share (the "Conversion Shares") at a conversion price of [\$0.15] per share (the "Conversion Price"). The Company shall not issue any fraction of a Conversion Share upon any such conversion. If the issuance would result in the issuance of a fraction of a Conversion Share, the Company shall round such fraction of a Conversion Share up to the nearest whole Conversion Share. The number of Conversion Shares issuable upon a Conversion shall be determined by the quotient obtained by dividing (i) the outstanding principal amount of this Note being converted plus accrued but unpaid interest thereon on the conversion date for the Conversion by (ii) the Conversion Price. The calculation by the Company of the number of Conversion Shares to be received by the Holder upon conversion hereof, shall be conclusive absent manifest error. To convert any portion of the unpaid principal of this Note into Conversion Shares on any date (an "Conversion Date"), the Holder shall (i) transmit by facsimile (or otherwise deliver), for receipt on or prior to 12:00 noon., New York time, on such date, a copy of an executed notice of conversion in the form attached hereto as Exhibit A (the "Conversion Notice") to the Company and (ii) return this Note to the Company via a nationally recognized overnight delivery service (or provide an indemnification undertaking with respect to this Note in the case of its loss, theft or destruction). On or before the fifth trading day for the Company's Common Stock following the date of receipt of an Conversion Notice, the Company shall cause the Company's transfer agent to issue and deliver to the Holder at the address as specified in the Conversion Notice, a certificate, registered in the name of the Holder, for the number of Conversion Shares to which the Holder shall be entitled. If the outstanding principal amount of this Note is greater than the principal portion being converted, then the Company shall as soon as practicable after receipt of this Note, at its own expense, issue and deliver to the Holder a new Note representing the outstanding principal amount not converted. Such new Note (i) shall be of like tenor with this Note, (ii) shall represent, as indicated on the face of such new Note, the principal amount remaining outstanding, (iii) shall have an issuance date, as indicated on the face of such new Note, which is the same as the date of this Note, and (iv) shall have the same rights and conditions as this Note.

Section 1.01 Absolute Obligation. Except as expressly provided herein, no provision of this Note shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and liquidated damages (if any) on, this Note at the time, place, and rate, and in the coin or currency, herein prescribed. This Note is a direct debt obligation of the Company.

Section 1.02 Different Denominations. This Note is exchangeable for an equal aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same.

Section 1.03 Reliance on Note Register. Prior to due presentment to the Company for permitted transfer or conversion of this Note, the Company and any agent of the Company may treat the name in which this Note is duly registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

Section 1.04 Paying Agent and Registrar. Initially, the Company will act as paying agent and registrar. The Company may change any paying agent, registrar, or Company-registrar by giving the Holder not less than five (5) business days' written notice of its election to do so, specifying the name, address, telephone number and facsimile number of the paying agent or registrar. The Company may act in any such capacity.

Section 1.05 Investment Representations. This Note has been issued subject to certain investment representations of the original Holder set forth in the Purchase Agreement and may be transferred or exchanged only in compliance with the Purchase Agreement and applicable federal and state securities laws and regulations.

Section 1.06 Security; Other Rights. The obligations of the Company to the Holder under this Note are unsecured. However, in addition to the rights and remedies given it by this Note and the Purchase Agreement, the Holder shall have all those rights and remedies allowed by applicable law.

Section 1.07 Reservation of Common Stock. The Company shall reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of conversion of this Note, that number of shares of Common Stock equal to the number of Conversion Shares into which the Note is convertible based upon the Conversion Price.

Article II.

Section 2.01 Events of Default. Each of the following events shall constitute a default under this Note (each an “Event of Default”):

- (a) failure by the Company to pay any principal amount or interest due hereunder within ten (10) business days of the date such payment is due;
- (b) the Company or any subsidiary of the Company shall: (i) make a general assignment for the benefit of its creditors; (ii) apply for or consent to the appointment of a receiver, trustee, assignee, custodian, sequestrator, liquidator or similar official for itself or any of its assets and properties; (iii) commence a voluntary case for relief as a debtor under the United States Bankruptcy Code; (iv) file with or otherwise submit to any governmental authority any petition, answer or other document seeking: (A) reorganization, (B) an arrangement with creditors or (C) to take advantage of any other present or future applicable law respecting bankruptcy, reorganization, insolvency, readjustment of debts, relief of debtors, dissolution or liquidation; (v) file or otherwise submit any answer or other document admitting or failing to contest the material allegations of a petition or other document filed or otherwise submitted against it in any proceeding under any such applicable law, or (vi) be adjudicated a bankrupt or insolvent by a court of competent jurisdiction;
- (c) any case, proceeding or other action shall be commenced against the Company or any subsidiary of the Company for the purpose of effecting, or an order, judgment or decree shall be entered by any court of competent jurisdiction approving (in whole or in part) anything specified in Section 2.01(b) hereof, or any receiver, trustee, assignee, custodian, sequestrator, liquidator or other official shall be appointed with respect to the Company, or shall be appointed to take or shall otherwise acquire possession or control of all or a substantial part of the assets and properties of the Company, and any of the foregoing shall continue unstayed and in effect for any period of sixty (60) days;
- (d) any material breach by the Company of any of its representations or warranties contained in this Note; or
- (e) any default, whether in whole or in part, shall occur in the due observance or performance of any obligations or other covenants, terms or provisions to be performed by the Company under this Note which is not cured within ten (10) business days after receipt of written notice thereof.

Section 2.02 If any Event of Default specified in Section 2.01(b) or Section 2.01(c) occurs, then the full principal amount of this Note, together with any other amounts owing in respect thereof, to the date of the Event of Default, shall become immediately due and payable without any action on the part of the Holder, and if any other Event of Default occurs, the full principal amount of this Note, together with any other amounts owing in respect thereof, to the date of acceleration shall become, at the Holder’s election, immediately due and payable in cash. All Notes for which the full amount hereunder shall have been paid in accordance herewith shall promptly be surrendered to or as directed by the Company.

Article III.

Section 3.01 Covenants. So long as this Note shall remain in effect and until any outstanding principal and interest and all fees and all other expenses or amounts payable under this Note have been paid in full, unless the Holder shall otherwise consent in writing (such consent not to be unreasonably withheld), the Company shall:

- (a) Notice of Default. Promptly advise the Holder in writing of the occurrence of any Event of Default of which the Company is aware.

(b) Entry into Certain Transactions. Not, directly or in directly, (i) liquidate, dissolve or wind up the Company; or (ii) amend, alter or repeal any provision of the Company's Articles of Incorporation or Bylaws.

Article IV.

Section 4.01 Representations of the Company. The Company hereby represents and warrants to the Holder that:

(a) The Company has the requisite corporate power and authority to enter into and perform its obligations under this Note, (ii) the execution and delivery of this Note by the Company and the consummation by it of the transactions contemplated hereby have been duly authorized by the Company's Board of Directors, and no further consent or authorization is required by the Company, its Board of Directors or its stockholders, (iii) this Note has been duly executed and delivered by the Company, (iv) this Note constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of creditors' rights and remedies.

(b) The execution, delivery and performance of this Note by the Company, and the consummation by the Company of the transactions contemplated hereby, will not (i) result in a violation of the Articles of Incorporation or by-laws (or equivalent constitutive document) of the Company or (ii) violate or conflict with, or result in a breach of any provision of, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company is a party, or result in a violation of any law, rule, regulation, order, judgment or decree (including U.S. federal and state securities laws and regulations) applicable to the Company or by which any property or asset of the Company is bound or affected, except for those which could not reasonably be expected to have a material adverse effect on the assets, business, condition (financial or otherwise), or results of operations of the Company.

(c) There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending against or affecting the Company or any subsidiary, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, this Note.

Section 4.02 Representations of the Holder. The Holder hereby represents and warrants to the Company that:

(a) Investment Purpose. The Holder is acquiring this Note, and, upon conversion of this Note, the Holder will acquire the Conversion Shares into which this Note may be converted (the Conversion Shares together with the Note, the "Securities"), for its own account for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof, except pursuant to sales registered or exempted under the Securities Act of 1933, as amended (the "Securities Act"); provided, however, that by making the representations herein, such Holder reserves the right to dispose of the Securities at any time in accordance with or pursuant to an effective registration statement covering such Securities, or an available exemption under the Securities Act. The Holder agrees not to sell, hypothecate or otherwise transfer the Securities unless such Securities are registered under the federal and applicable state securities laws or unless, in the opinion of counsel satisfactory to the Company, an exemption from such law is available.

(b) Accredited Investor Status. The Holder meets the requirements of at least one of the suitability standards for an “Accredited Investor” as that term is defined in Rule 501(a)(3) of Regulation D under the Securities Act.

(c) Investor Qualifications. The Holder was not formed for the specific purpose of acquiring this Note, is duly organized, validly existing and in good standing under the laws of the state of its organization, the consummation of the transactions contemplated hereby is authorized by, and will not result in a violation of state law or its charter or other organizational documents, has full power and authority carry out the provisions hereof and thereof and to purchase and hold this Note.

(d) Solicitation. The Holder is unaware of, is in no way relying on, and did not become aware of the offering of this Note through or as a result of, any form of general solicitation or general advertising including, without limitation, any article, notice, advertisement or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, in connection with the offering and sale of this Note and is not subscribing for this Note and did not become aware of the offering of this Note through or as a result of any seminar or meeting to which the Holder was invited by, or any solicitation of a subscription by, a person not previously known to the Holder in connection with investments in securities generally.

(e) Brokerage Fees. The Holder has taken no action that would give rise to any claim by any person for brokerage commissions, finders’ fees or the like relating to this Note or the transaction contemplated hereby.

(f) Knowledge and Experience. The Holder has such knowledge and experience in financial, tax, and business matters, and, in particular, investments in securities, so as to enable it to utilize the information made available to it in connection with this Note to evaluate the merits and risks of an investment in this Note and the Company and to make an informed investment decision with respect thereto.

(g) Liquidity. The Holder has adequate means of providing for such Holder’s current financial needs and foreseeable contingencies and has no need for liquidity of its investment in this Note for an indefinite period of time, and after purchasing this Note the Holder will be able to provide for any foreseeable current needs and possible personal contingencies. The Holder must bear and acknowledges the substantial economic risks of the investment in this Note including the risk of illiquidity and the risk of a complete loss of this investment.

(h) High Risk Investment. The Holder is aware that an investment in this Note, and upon conversion of this Note, the Conversion Shares, involves a number of very significant risks and has carefully researched and reviewed and understands the risks of, and other considerations relating to, the purchase of this Note, and, upon conversion of this Note, the Conversion Shares.

(i) Reliance on Exemptions. The Holder understands that this Note is being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying in part upon the truth and accuracy of, and such Holder’s compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Holder set forth herein in order to determine the availability of such exemptions and the eligibility of such Holder to acquire such securities.

(j) Information. The Holder has been furnished with all documents and materials relating to the business, finances and operations of the Company and its subsidiaries and information that Holder requested and deemed material to making an informed investment decision regarding its purchase of this Note. The Holder has been afforded the opportunity to review such documents and materials and the information contained therein. The Holder has been afforded the opportunity to ask questions of the Company and its management. The Holder understands that such discussions, as well as any written information provided by the Company, were intended to describe the aspects of the Company's and its subsidiaries' business and prospects which the Company believes to be material, but were not necessarily a thorough or exhaustive description, and except as expressly set forth in this Note or the Purchase Agreement, the Company makes no representation or warranty with respect to the completeness of such information and makes no representation or warranty of any kind with respect to any information provided by any entity other than the Company. Some of such information may include projections as to the future performance of the Company and its subsidiaries, which projections may not be realized, may be based on assumptions which may not be correct and may be subject to numerous factors beyond the Company's and its subsidiaries' control. Additionally, Holder understands and represents that it is purchasing this Note notwithstanding the fact that the Company and its subsidiaries, may disclose in the future certain material information Holder has not received, including the financial results of the Company and its subsidiaries for the current fiscal quarter. Neither such inquiries nor any other due diligence investigations conducted by such Holder shall modify, amend or affect such Holder's right to rely on the Company's representations and warranties contained herein. The Holder has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its investment in this Note.

(k) No Other Representations or Information. In evaluating the suitability of an investment in this Note, the Holder has not relied upon any representation or information (oral or written) with respect to the Company or its subsidiaries, or otherwise, other than as stated in this Note or the Purchase Agreement.

(l) No Governmental Review. The Holder understands that no United States federal or state agency or any other government or governmental agency has passed on or will pass on, or has made or will make, any recommendation or endorsement of this Note (or the Conversion Shares), or the fairness or suitability of the investment in this Note (or the Conversion Shares), nor have such authorities passed upon or endorsed the merits of the offering of this Note (or the Conversion Shares).

(m) Transfer or Resale. The Holder understands that: (i) this Note, and, upon conversion of the Note, the Conversion Shares, have not been and are not being registered under the Securities Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred unless (A) subsequently registered thereunder, or (B) such Holder shall have delivered to the Company an opinion of counsel, in a generally acceptable form, to the effect that such securities to be sold, assigned or transferred may be sold, assigned or transferred pursuant to an exemption from such registration requirements; (ii) any sale of such securities made in reliance on Rule 144 under the Securities Act (or a successor rule thereto) ("Rule 144") may be made only in accordance with the terms of Rule 144 and further, if Rule 144 is not applicable, any resale of such securities under circumstances in which the seller (or the person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the Securities Act) may require compliance with some other exemption under the Securities Act or the rules and regulations of the SEC thereunder; and (iii) except as otherwise provided herein or the Purchase Agreement, neither the Company nor any other person is under any obligation to register such securities under the Securities Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder. There can be no assurance that there will be any market for this Note or the Conversion Shares, nor can there be any assurance that this Note will be freely transferable at any time in the foreseeable future.

(n) Legends. The Holder understands that the certificates representing the Conversion Shares shall bear a restrictive legend in substantially the following form (and a stop transfer order may be placed against transfer of such stock certificates):

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (C) IN COMPLIANCE WITH RULE 144 OR 144A THEREUNDER, IF AVAILABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT, OR (E) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, AND THE HOLDER HAS, PRIOR TO SUCH SALE, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY. HEDGING TRANSACTIONS INVOLVING THESE SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.

(o) Confidentiality. The Holder acknowledges and agrees that certain of the information received by it in connection with the transactions contemplated by this Note is of a confidential nature and may be regarded as material non-public information under Regulation FD promulgated by the SEC and that such information has been furnished to the Holder for the sole purpose of enabling the Holder to consider and evaluate an investment in this Note. The Holder agrees that it will treat such information in a confidential manner, will not use such information for any purpose other than evaluating an investment in this Note, will not, directly or indirectly, trade or permit the Holder’s agents, representatives or affiliates to trade in any securities of the Company while in possession of such information and will not, directly or indirectly, disclose or permit the Holder’s agents, representatives or affiliates to disclose any of such information without the Company’s prior written consent. The Holder shall make its agents, affiliates and representatives aware of the confidential nature of the information contained herein and the terms of this section including the Holder’s agreement to not disclose such information, to not trade in the Company’s securities while in the possession of such information and to be responsible for any disclosure or other improper use of such information by such agents, affiliates or representatives. Likewise, without the Company’s prior written consent, the Holder will not, directly or indirectly, make any statements, public announcements or other release or provision of information in any form to any trade publication, to the press or to any other person or entity whose primary business is or includes the publication or dissemination of information related to the transactions contemplated by this Note.

(p) No Legal Advice from the Company. The Holder acknowledges that it has had the opportunity to review this Note and the transactions contemplated by this Note with its own legal counsel and investment and tax advisors. The Holder is relying solely on such advisors and not on any statements or representations of the Company or any of its employees, representatives or agents for legal, tax, economic and related considerations or investment advice with respect to this investment, the transactions contemplated by this Note or the securities laws of any jurisdiction.

(q) No Group Participation. The Holder and its affiliates are not a member of any group, nor is any Holder acting in concert with any other person, including any other Holder, with respect to its acquisition of this Note (and the Conversion Shares).

Article V.

Section 5.01 Registration Rights. As addressed in the Purchase Agreement, there shall be no registration rights with respect to the Conversion Shares.

Article VI.

Section 6.01 Conversion Price Adjustments.

(a) General. The conversion price and the number of Conversion Shares issuable upon the conversion of this Note shall be subject to adjustment from time to time upon the occurrence of certain events described in this Section 6.01.

(i) Subdivision or Combination of Stock. In case the Company shall at any time subdivide (whether by way of stock dividend, stock split or otherwise) its outstanding shares of Common Stock into a greater number of shares, the conversion price in effect immediately prior to such subdivision shall be proportionately reduced and the number of Conversion Shares shall be proportionately increased, and conversely, in case the outstanding shares of Common Stock of the Company shall be combined (whether by way of stock combination, reverse stock split or otherwise) into a smaller number of shares, the conversion price in effect immediately prior to such combination shall be proportionately increased and the number of Conversion Shares shall be proportionately decreased. The conversion price and the number of Conversion Shares issuable upon conversion, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described in this Section 6.01(a)(i).

(ii) Dividends in Stock, Property, Reclassification. If at any time, or from time to time, the holders of Common Stock (or any shares of stock or other securities at the time receivable upon the conversion of this Note) shall have received or become entitled to receive, without payment therefor:

(A) any shares of stock or other securities that are at any time directly or indirectly convertible into or exchangeable for Common Stock, or any rights or options to subscribe for, purchase or otherwise acquire any of the foregoing by way of dividend or other distribution, or

(B) additional stock or other securities or property (including cash) by way of spin-off, split-up, reclassification, combination of shares or similar corporate rearrangement (other than shares of Common Stock issued as a stock split or adjustments in respect of which shall be covered by the terms of Section 6.01(a)(i) above),

then and in each such case, the conversion price and the number of Conversion Shares to be issued upon conversion of this Note shall be adjusted proportionately, and the Holder hereof shall, upon the conversion of this Note, be entitled to receive, in addition to the number of Conversion Shares receivable thereupon, and without payment of any additional consideration therefor, the amount of stock and other securities and property (including cash in the cases referred to above) that such Holder would hold on the date of such exercise had such Holder been the holder of record of such Common Stock as of the date on which holders of Common Stock received or became entitled to receive such shares or all other additional stock and other securities and property. The conversion price and the Conversion Shares, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described in this Section 6.01(a)(ii).

(iii) Reorganization, Reclassification, Consolidation, Merger or Sale. If any recapitalization, reclassification or reorganization of the capital stock of the Company, or any consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its assets or other transaction shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities or other assets or property (an "Organic Change"), then lawful and adequate provisions shall be made by the Company whereby the Holder hereof shall thereafter have the right to purchase and receive (in lieu of the Conversion Shares of the Company immediately theretofore purchasable and receivable upon the conversion of this Note) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock equal to the number of shares of such stock immediately theretofore purchasable by reason of the Conversion Shares and receivable assuming the full conversion of this Note. In the event of any Organic Change, appropriate provision shall be made by the Company with respect to the rights and interests of the Holder of this Note to the end that the provisions hereof (including, without limitation, provisions for adjustments of the conversion price and of the number of Conversion Shares purchasable and receivable upon the exercise of this Note) shall thereafter be applicable, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof. To the extent necessary to effect the foregoing provisions, the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets shall assume by written instrument reasonably satisfactory in form and substance to the Holder executed and mailed or delivered to the registered Holder hereof at the last address of such Holder appearing on the books of the Company, the obligation to deliver to such Holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such Holder may be entitled to purchase. In any event, the successor corporation (if other than the Company) resulting from such consolidation or merger or the corporation purchasing such assets shall be deemed to assume such obligation to deliver to such Holder such shares of stock, securities or assets even in the absence of a written instrument assuming such obligation to the extent such assumption occurs by operation of law.

Article VII.

Section 7.01 Notice. Notices regarding this Note shall be sent to the parties at the following addresses, unless a party notifies the other parties, in writing, of a change of address:

If to the Company: Purebase Corporation
8625 State Hwy, 124
Ione, CA 95640
Attention: A. Scott Dockter, CEO
Telephone: (888) 791-9474

With a copy to:

The Crone Law Group, P.C.
500 Fifth Avenue, Suite 938
New York, New York 10110
Attn: Eric Mendelson, Esq.
Telephone: (917) 398-5082

If to the Holder:

Attn:

Telephone:

Section 7.02 Governing Law; Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Note shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Note (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the City of New York, Borough of Manhattan (the "New York Courts"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of this Note), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, or such New York Courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Note or the transactions contemplated hereby. If either party shall commence an action or proceeding to enforce any provisions of this Note, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorney's fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

Section 7.03 Severability. The invalidity of any of the provisions of this Note shall not invalidate or otherwise affect any of the other provisions of this Note, which shall remain in full force and effect.

Section 7.04 Entire Agreement and Amendments. This Note together with the Purchase Agreement represents the entire agreement between the parties hereto with respect to the subject matter hereof and there are no representations, warranties or commitments, except as set forth herein. This Note may be amended only by an instrument in writing executed by the Company and the Holder.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, with the intent to be legally bound hereby, the Company as executed this Note as of the date first written above.

PUREBASE CORPORATION

By:

Name: A. Scott Dockter

Title: Chief Executive Officer

EXHIBIT A

NOTICE OF CONVERSION

(To be executed by the Holder in order to convert the Note)

TO: PureBase Corporation

The undersigned hereby irrevocably elects to convert the unpaid principal amount and accrued interest amount indicated below of the 5% Unsecured Convertible Promissory Note due _____, 2021 (the “Note”) into Conversion Shares of PureBase Corporation, according to the conditions stated therein, as of the Conversion Date written below.

Conversion Date:

Applicable Conversion Price (per Conversion Shares):

\$

Principal amount of Note to be converted:

\$

Principal amount of Note unconverted:

\$

Interest amount to be converted

\$

Number of Conversion Shares to be issued:

Issue the Conversion Shares in the following name and to the following address:

Issue to the following account of the Holder:

Authorized Signature:

Name:

Title:

Telephone Number:

PUREBASE CORPORATION
CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, A. Scott Dockter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PureBase Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ A. Scott Dockter

A. Scott Dockter
Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)
Date: October 18, 2019

PUREBASE CORPORATION
CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of PureBase Corp. as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the registrant.

By: /s/ A. Scott Dockter

A. Scott Dockter
Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

Date: October 18, 2019
