

SUBSCRIPTION AND SHAREHOLDER AGREEMENT

between

PSYENCE BIOMED CORP.

THE GOODLEAF COMPANY PROPRIETARY LIMITED

and

GOOD PSYENCE PROPRIETARY LIMITED (RF)

TABLE OF CONTENTS

| | | |
|----|---|----|
| 1 | INTERPRETATION..... | 1 |
| 2 | SUBSCRIPTION FOR SHARES | 7 |
| 3 | OBJECTS OF THE COMPANY AND SHAREHOLDER UNDERTAKINGS | 8 |
| 4 | DURATION | 9 |
| 5 | STATUS OF THIS AGREEMENT AND MOI..... | 9 |
| 6 | DIRECTORS, GOVERNANCE AND MANAGEMENT | 10 |
| 7 | SHAREHOLDERS' MEETINGS AND DECISIONS | 12 |
| 8 | PROJECT COSTS AND COMPANY FINANCING | 12 |
| 9 | ANNUAL BUDGET AND BUSINESS PLAN..... | 13 |
| 10 | TRANSFER OF SHARES – GENERAL PROVISIONS | 14 |
| 11 | TRANSFER OF SHARES – PRE-EMPTIVE RIGHTS | 14 |
| 12 | COME ALONG / TAG ALONG..... | 16 |
| 13 | DEEMED OFFERS | 16 |
| 14 | RELEASE FROM SURETY OBLIGATIONS..... | 18 |
| 15 | SUBSTITUTE SHAREHOLDERS | 18 |
| 16 | FAIR MARKET VALUE | 18 |
| 17 | GENERAL UNDERTAKINGS BY THE SHAREHOLDERS..... | 19 |
| 18 | SPECIALLY PROTECTED MATTERS | 20 |
| 19 | RELATIONSHIP OF THE PARTIES | 20 |
| 20 | GENERAL WARRANTIES | 20 |
| 21 | CONFIDENTIALITY AND PUBLICITY..... | 21 |
| 22 | BREACH | 23 |
| 23 | EFFECT OF TERMINATION | 23 |
| 24 | FAST TRACK DISPUTE RESOLUTION..... | 23 |
| 25 | NOTICES AND DOMICILIA..... | 24 |
| 26 | BENEFIT OF THE AGREEMENT | 25 |
| 27 | APPLICABLE LAW AND JURISDICTION..... | 25 |
| 28 | INDEPENDENT ADVICE..... | 25 |
| 29 | GENERAL..... | 25 |
| 30 | COSTS..... | 27 |
| 31 | SIGNATURE | 27 |

ANNEXURES

ANNEXURE A: DEED OF ADHERENCE
ANNEXURE B: PROJECT COSTS
ANNEXURE C: FIRST ANNUAL BUDGET
ANNEXURE D: SPECIALLY PROTECTED MATTERS

1 INTERPRETATION

- 1.1 In this Agreement, unless the context indicates a contrary intention, the following words and expressions bear the meanings assigned to them and cognate expressions bear corresponding meanings –
- 1.1.1 "**Act**" means the Companies Act, No 71 of 2008, as amended, consolidated or re-enacted from time to time, and includes all schedules to such Act and the regulations;
- 1.1.2 "**Affiliate**" means, in respect of a person, any person which Controls (directly or indirectly) that person and any other person Controlled (directly or indirectly) by such first-mentioned person, including, where a person is a company, the ultimate holding company of such person, any holding company of such person and any subsidiary (direct or indirect) of such holding company and/or replacement trustee or replacement trustees of such person which holds its interest in trust for one or more beneficial owners provided that there is no change in beneficial ownership;
- 1.1.3 "**Agreement**" means this subscription and shareholders' agreement;
- 1.1.4 "**Annual Budget**" means the annual budget of the Company approved in terms of clause 9;
- 1.1.5 "**Auditors**" means the auditors of the Company from time to time;
- 1.1.6 "**Board**" means the board of Directors;
- 1.1.7 "**Business**" means, in relation to the Company, the Project;
- 1.1.8 "**Business Plan**" means the annual business plan to be prepared by the Company in term of clause 9 below, consistent with the Annual Budget;
- 1.1.9 "**Change in Control**" means any change whatsoever in Control, whether effected directly or indirectly, excluding any change of Control in respect of a company listed on a stock exchange;
- 1.1.10 "**Company**" means Good Psyence Proprietary Limited (RF), a limited liability private company to be incorporated in the Republic of South Africa in accordance with this Agreement;

- 1.1.11 "**Control**" means the power, directly or indirectly, to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities or any interest carrying voting rights, or to appoint or remove or cause the appointment or removal of directors (or equivalent officials) holding the majority of the voting rights on its board of directors (or equivalent body), whether by contract or otherwise, and "**Controlled**" shall be construed accordingly;
- 1.1.12 "**Deed of Adherence**" means a deed of adherence substantially in the form annexed marked Annexure A;
- 1.1.13 "**Directors**" means directors of the Company;
- 1.1.14 "**Disposal**" or "**disposal**" means, in the context of a disposal of a Share or Loan Claim–
- 1.1.14.1 the transfer of all or any rights making up such Share or Loan Claim to any other person for his benefit and/or for the benefit of others, whether such transfer is effected pursuant to a sale, exchange, donation, distribution *in specie* or otherwise; or
- 1.1.14.2 any other transaction or event whereby such Share or Loan Claim becomes beneficially owned by someone other than the person who was the beneficial holder thereof immediately prior to such transaction or event taking place; or
- 1.1.14.3 granting, creating or allowing the Encumbrance of such Share or Loan Claim,
- and "**dispose**" means to bring about a disposal within the meaning of this definition;
- 1.1.15 "**Effective Date**" means the date of incorporation of the Company;
- 1.1.16 "**Encumbrance**" means any right of first refusal, purchase right, option or any other restriction of any kind on ownership, transfer, use, possession, receipt of income from or any other exercise of any attribute of ownership, including any mortgage, pledge, lien or other security interest and "**Encumber**" means to bring about an Encumbrance within the meaning of this definition;
- 1.1.17 "**Equity**" means, in relation to any Shareholder, the Shares held by such Shareholder plus the Loan Claims (if any) of such Shareholder; and if a Shareholder does not have any Loan Claims, each reference in this Memorandum of Incorporation to the Equity of such Shareholder shall mean the

Shares held by such Shareholder;

- 1.1.18 "**Fair Market Value**" means, in respect of the Company or any Equity, the fair market value thereof as agreed between the Parties or otherwise as determined in terms of clause 16;
- 1.1.19 "**Goodleaf**" means The Goodleaf Company (Pty) Ltd, a private company incorporated in South Africa with registration number 2018/464291/07;
- 1.1.20 "**Independent Attorney**" means such independent senior commercial attorney as may be agreed between the relevant Shareholders, or failing agreement within 10 (ten) business days from the date of a request by any Shareholder for such agreement, appointed by the Chairperson (or any co-Chairperson, as the case may be) for the time being of the Law Society of South Africa from one of the 5 (five) largest (based on number of partners) independent firms of attorneys in South Africa at the time;
- 1.1.21 "**Independent Auditors**" means such independent auditors as may be agreed between the relevant Shareholders, or failing agreement within 10 (ten) business days from the date of a request by any Shareholder for such agreement, appointed by the Executive President for the time being of the South African Institute of Chartered Accountants from one of the 4 (four) largest (based on number of partners) independent firms of auditors in South Africa at the time;
- 1.1.22 "**Independent Expert**" means a suitably qualified professional jointly appointed by the Parties and who should be independent in character and judgement, meaning that there should be no relationships or circumstances between such appointee and either of the Parties which is likely to affect, or could appear to affect this independence, resulting in an absence of undue influence and bias and which in the case of a legal matter shall be an Independent Attorney and in the case of a financial matter be an Independent Auditor;
- 1.1.23 "**Loan Claims**" means any claims which a Shareholder has against the Company for the payment of any amount in respect of any monies lent to the Company by that Shareholder in its capacity as a Shareholder, including any accrued interest thereon or in respect thereof;
- 1.1.24 "**MOI**" means the Memorandum of Incorporation of the Company filed with the Companies and Intellectual Property Commission of South Africa, as amended from time to time;

- 1.1.25 "**Parties**" means the parties to this Agreement;
- 1.1.26 "**Products**" has the meaning ascribed thereto in the MOI;
- 1.1.27 "**Prime Rate**" means the publicly quoted basic rate of interest, compounded monthly in arrears and calculated on a 365 (three hundred and sixty five) day year irrespective of whether or not the year is a leap year, from time to time published by Investec as being its prime overdraft rate, as certified by any representative of that bank whose appointment and designation it will not be necessary to prove;
- 1.1.28 "**Project**" has the meaning ascribed thereto in the MOI;
- 1.1.29 "**Project Costs**" means the amount confirmed in the Annual Budget and Business Plan to fund the Project (as may be amended), and currently estimated at [REDACTED], being the total costs of and relating to the Project that may be funded by way of Equity under this Agreement;
- 1.1.30 "**Proportionate Loan Claims**" has the meaning ascribed thereto in clause 8.3;
- 1.1.31 "**Psyence BC**" means Psyence Biomed Corp, a private company incorporated in the Province of British Columbia, Canada under company registration number BC1284764;
- 1.1.64 "**Rand**" or "**ZAR**" means the lawful currency of South Africa;
- 1.1.65 "**Shares**" means ordinary no par value shares in the share capital of the Company;
- 1.1.66 "**Shareholder**" means the holder of a Share and who is entered as such in the Securities Register (as defined in the MOI), subject to the provisions of section 57;
- 1.1.67 "**Signature Date**" means the date of signature of this Agreement by the Party last signing;
- 1.1.68 "**Special Resolution**" means a resolution of the Shareholders supported by the holders of at least 75% of the voting rights exercised on the resolution;
- 1.1.69 "**Substitute Shareholder**" means a transferee of Equity pursuant to the provisions of clause 15.

- 1.2 In this Agreement -
- 1.2.1 clause headings and the heading of the Agreement are for convenience only and are not to be used in its interpretation;
- 1.2.2 an expression which denotes -
- 1.2.2.1 any gender includes the other genders;
- 1.2.2.2 a natural person includes a juristic person and *vice versa*;
- 1.2.2.3 the singular includes the plural and vice versa.
- 1.3 Any substantive provision, conferring rights or imposing obligations on a Party and appearing in any of the definitions in this clause 1 or elsewhere in this Agreement, shall be given effect to as if it were a substantive provision in the body of the Agreement.
- 1.4 Words and expressions defined in any clause shall, unless the application of any such word or expression is specifically limited to that clause, bear the meaning assigned to such word or expression throughout this Agreement.
- 1.5 Subject to clauses 1.6, 1.8 and 1.17, defined terms appearing in this Agreement in title case shall be given their meaning as defined, while the same terms appearing in lower case shall be interpreted in accordance with their plain English meaning.
- 1.6 The terms "**holding company**" and "**subsidiary**" shall bear the meanings assigned thereto in the Act.
- 1.7 A reference to any statutory enactment shall be construed as a reference to that enactment as at the Signature Date and as amended or substituted from time to time.
- 1.8 Reference to "**days**" shall be construed as calendar days unless qualified by the word "**business**", in which instance a "**business day**" shall be any day other than a Saturday, Sunday or public holiday as gazetted by the government of the Republic of South Africa from time to time. Any reference to "**business hours**" shall be construed as being the hours between 08h30 and 17h00 on any business day. Any reference to time shall be based upon South African Standard Time.
- 1.9 Unless specifically otherwise provided, any number of days prescribed shall be determined by excluding the first and including the last day or, where the last day falls on a day that is not a business day, the next succeeding business day.

- 1.10 Where figures are referred to in numerals and in words, and there is any conflict between the two, the words shall prevail, unless the context indicates a contrary intention.
- 1.11 No provision herein shall be construed against or interpreted to the disadvantage of a Party by reason of such Party having or being deemed to have structured, drafted or introduced such provision.
- 1.12 The Parties, unless specifically otherwise provided, shall be deemed to be contracting as principals and not as agents.
- 1.13 The use of any expression in this Agreement covering a process available under South African law, such as winding-up, shall, if any of the Parties to this Agreement is subject to the law of any other jurisdiction, be construed as including any equivalent or analogous proceedings under the law of such other jurisdiction.
- 1.14 The words "**include**" and "**including**" mean "**include without limitation**" and "**including without limitation**". The use of the words "**include**" and "**including**" followed by a specific example or examples shall not be construed as limiting the meaning of the general wording preceding it.
- 1.15 Whenever any person is required to act "*as an expert and not as an arbitrator*" in terms of this Agreement, then –
- 1.15.1 the determination of the expert shall (in the absence of manifest error) be final and binding;
- 1.15.2 subject to any express provision to the contrary, the expert shall determine the liability for his or its charges, which shall be paid accordingly;
- 1.15.3 the expert shall be entitled to determine such methods and processes as he or it may, in his or its sole discretion, deem appropriate in the circumstances provided that the expert may not adopt any process which is manifestly biased, unfair or unreasonable;
- 1.15.4 the expert shall consult with the relevant Parties (provided that the extent of the expert's consultation shall be in his or its sole discretion) prior to rendering a determination; and
- 1.15.5 having regard to the sensitivity of any confidential information, the expert shall be entitled to take advice from any person considered by him or it to have expert knowledge with reference to the matter in question.

- 1.16 Any reference in this Agreement to "this Agreement" or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document, as amended, varied, novated or supplemented from time to time.
- 1.17 This Agreement incorporates the annexures which annexures shall have the same force and effect as if set out in the body of this Agreement. In this Agreement the word "**clause**" or "**clauses**" and "**annexure**" or "**annexures**" refer to clauses of and annexures to this Agreement.

2 SUBSCRIPTION FOR SHARES

- 2.1 Psyence BC (as a subscriber) hereby subscribes for 50 Shares and infuses Equity into the Company as follows:
- 2.1.1 [REDACTED] for 50 Shares at [REDACTED] per share in cash; and
- 2.1.2 [REDACTED] to be infused by way of shareholder loan in cash;
- 2.2 Goodleaf (as a subscriber) hereby subscribes for 50 Shares and infuses Equity into the Company as follows:
- 2.2.1 [REDACTED] for 50 Shares at [REDACTED] per share in cash; and
- 2.2.2 [REDACTED] to be infused by way of shareholder loan in the form of sweat equity and the delivery of services.
- 2.3 Accordingly, the Company's authorized and issued share capital shall be as follows:
- 2.3.1 1,000 authorised Shares;
- 2.3.2 100 issued Shares, held as follows:
- 2.3.2.1 50% by Psyence BC; and
- 2.3.2.2 50% by Goodleaf.
- 2.4 The Parties wish to record in writing the terms and conditions applicable to the relationships between the Shareholders *inter se* and between the Shareholders and the Company, and matters ancillary thereto.

3 OBJECTS OF THE COMPANY AND SHAREHOLDER UNDERTAKINGS

- 3.1 The objects of the Company are to execute the Project with a specific focus on the Products for mass market distribution through –
- 3.1.1 seeking advice on and developing a working knowledge of the applicable laws governing the Project;
 - 3.1.2 attending to product registration (if required under applicable laws);
 - 3.1.3 establishing distribution channels in the mass market in South Africa and abroad;
 - 3.1.4 marketing, sales, and promotions of the Products;
 - 3.1.5 applying for and obtaining marketing authorisations;
 - 3.1.6 driving revenue and profits;
 - 3.1.7 understanding product importation, customs, and international logistics;
 - 3.1.8 seeking and appointing cultivation partners and raw material suppliers;
 - 3.1.9 seeking and appointing contract manufacturers;
 - 3.1.10 obtaining all consents required for the Project;
 - 3.1.11 establishing strategic partnerships in order to give effect to the objectives set out in this clause 3;
 - 3.1.12 appointing professional advisors to assist in achieving the objectives set out in this clause 3; and
 - 3.1.13 to do all such other activities as may be necessary or desirable for or ancillary to the purposes of the successful conduct of the Project and the creation of a commercially viable enterprise.
- 3.2 The Parties shall provide support to the Company in the manner set out below without reimbursement for internal costs, costs related to internal human resources or overheads.
- 3.3 Psyence BC shall be responsible for –
- 3.3.1 the management of relationships with raw material suppliers and all suppliers /

- contractors required to get the Products to its pre-bottling phase of production;
and
- 3.3.2 supporting the Company in achieving the objectives listed in clauses 3.1.7 to 3.1.9; and
- 3.3.3 providing guidance and assistance to the Company in respect of strategic input.
- 3.4 Goodleaf shall be responsible for –
 - 3.4.1 executing the finalisation of the Products post-bottling phase of production, branding, marketing, and distribution of the Products; and
 - 3.4.2 supporting the Company in achieving the objectives listed in clauses 3.1.2 to 3.1.6.
- 3.5 The Parties shall jointly support the Company –
 - 3.5.1 by executing product development;
 - 3.5.2 by granting the Company all such intellectual property licences as may be required for the Project; and
 - 3.5.3 in achieving the objectives listed in clauses 3.1.1 and 3.1.10 to 3.1.13.

4 DURATION

The provisions of this Agreement shall commence on the Effective Date and, shall remain in full force and effect for so long as at least 2 (two) Shareholders or their permitted assigns continue to hold Shares. Should a Shareholder transfer all its Equity to a third party as permitted by this Agreement, this Agreement, save for clauses 21 to 31 shall cease to have any further force or effect in relation to such transferring Shareholder.

5 STATUS OF THIS AGREEMENT AND MOI

- 5.1 It is recorded that with effect from the Effective Date –
 - 5.1.1 the relationship of the Shareholders amongst themselves, in their capacities as Shareholders, as well as the relationship between the Shareholders, in their capacities as Shareholders, on the one hand, and the Company, on the other hand, shall be governed solely in terms of this Agreement as read with the MOI;
and

- 5.1.2 no Party shall have any claim against any other Party arising out of any previous MOI or other shareholders agreement that may have existed in relation to the Company before the Effective Date.
- 5.2 If there is a conflict or inconsistency between the provisions of this Agreement and the MOI, the provisions of the MOI shall prevail.
- 5.3 Without detracting from the provisions of clause 5.2, the Shareholders shall nevertheless, as soon as reasonably possible after they become aware of any conflict or inconsistency between the provisions of this Agreement and the MOI, meet in good faith with a view to finding a solution to remove such conflict or inconsistency. The failure to find such a solution will not constitute grounds for the winding up or dissolution of the Company.

6 DIRECTORS, GOVERNANCE AND MANAGEMENT

- 6.1 Save as otherwise provided for in this Agreement, the appointment, removal and replacement of Directors, meetings of Directors and voting at Directors meetings is regulated in the MOI.
- 6.2 It is recorded that, in terms of the MOI, the Company shall have Directors who are elected by Shareholders.
- 6.3 The Shareholders hereby agree to exercise all the votes attaching to all their Shares so as to give effect to the following dispensation in relation to the election and removal of Directors –
- 6.3.1 While the shareholding between the Shareholders remains equal (as set out in clause 2.3.2) -
- 6.3.1.1 Psyence BC shall have the right, which must be exercised on written notice to the other Shareholders, to nominate for election so many Directors making up 50% of the Board;
- 6.3.1.2 Goodleaf shall have the right, which must be exercised on written notice to the other Shareholders, to nominate for election so many Directors making up 50% of the Board;
- 6.3.2 In the event that the shareholding set out in clause 2.3.2 changes each Shareholder shall be entitled to nominate 1 (one) Director for election to the Board for every block of 20% (twenty percent) of the total issued share capital held by such Shareholder and accordingly –

- 6.3.2.1 A Shareholder holding 60% of the total issued share capital shall be entitled to nominate 3 (three) Directors for election to the Board; and
- 6.3.2.2 A Shareholder holding 40% of the total issued share capital shall be entitled to nominate 2 (two) Directors for election to the Board;
- 6.3.3 a nominating Shareholder may at any time on written notice to the other Shareholders require the other Shareholders to vote in favour of a resolution for the removal of any of its nominated Directors;
- 6.3.4 if it decided by the Board that one or more independent non-executive Directors be appointed, or that any such Director be removed, all the Shareholders shall exercise all the votes attaching to all their Shares in favour of the election or removal of such Director/s, as may be applicable;
- 6.3.5 the Shareholders shall not exercise their voting and other rights under the Act and the MOI regarding the election or removal Directors, other than in order to give effect to the provisions of this clause 6;
- 6.3.6 if a nominating Shareholder Disposes of all the Shares held by it, that nominating Shareholder shall be obliged to procure, as a condition to the transfer of such Shares, the resignation of all its nominated Directors; and
- 6.3.7 a nominating Shareholder which requires removal of its nominated Director hereby indemnifies and holds harmless the Company against any claim instituted by such Director as a result of his removal from office and all costs arising from such claim.
- 6.4 Should any Director hold any personal financial interest (as contemplated in the Act) in any contract concluded or proposed to be concluded by the Company the Director shall disclose such interest to the Board and shall not vote on any resolution in relation to such proposed contract as provided in section 75 of the Act. The remaining Directors shall be entitled to vote on such resolution.
- 6.5 **Management**
- 6.5.1 Control and management of the Company will vest in the Board. The Chairman of the Board shall be a Psyence BC appointed board member.
- 6.5.2 The Board will be responsible for and have the following powers and authority -
- 6.5.2.1 the management of the Company;

- 6.5.2.2 determining the strategic policy of the Company and preparing the Annual Budget from time to time; and
- 6.5.2.3 ensuring compliance with any approvals framework agreed to by Shareholders holding more than 75% of the voting rights of all Shareholders from time to time.
- 6.5.3 The day-to-day management of the Company will be subject to the policies and principles determined from time to time by the Board.

7 SHAREHOLDERS' MEETINGS AND DECISIONS

- 7.1 It is recorded that meetings, voting, decisions and approvals of Shareholders, are regulated in the MOI.
- 7.2 It is recorded and agreed that –
 - 7.2.1 where a matter is in the MOI designated a Specially Protected Matter as defined in the MOI, it shall be subject to a Special Resolution of Shareholders; and
 - 7.2.2 in all other cases, a matter requiring the approval of Shareholders shall be subject to such type of resolution (be it ordinary or special) as may be required under the Act read with the MOI.

8 PROJECT COSTS AND COMPANY FINANCING

- 8.1 It is recorded that prior to the Effective Date, the Parties agreed the Project Costs and the first Annual Budget annexed hereto as Annexure B and C respectively.
- 8.2 The Parties record that it is the intention that all working capital required by the Company during the Project shall, save as may be otherwise agreed by the Parties, be paid out of the Project Costs and finances and/or cash generated by the Company (if any).
- 8.3 In the event that the Company requires additional funding, such additional funding shall be provided by each of the Parties on a 50/50 basis in accordance with each Parties' respective shareholding by way of shareholder loans, on a non-interest bearing basis ("**Proportionate Loan Claims**").
- 8.4 Should any Party fail to provide its share of the required additional funding (whether in full or in part) then the other Party may provide disproportional funding in the form of a shareholder loan ("**Disproportionate Loan Claims**") to make up the shortfall. Such Disproportionate Loan Claims shall bear interest at the Prime Rate.

The Proportionate Loan Claims shall be subordinated to the Disproportionate Loan Claims, which Disproportionate Loan Claims shall be repaid in full before the repayment of any capital or interest (if any) in respect of the Proportionate Loan Claims, and shall be repaid in full before any distributions to the Parties.

- 8.5 A Party shall be entitled, at its sole discretion and upon written notice to the Company, to elect to convert a Disproportional Loan Claim (or any part thereof) into Shares. Such Shares shall be issued at the Fair Market Value for the Shares on the date of issue. Each Shareholder hereby undertakes to exercise all the votes attaching to all their Shares in favour of such share issue, and the Board shall approve such share issue.
- 8.6 Should outside financing be available on acceptable and reasonable terms, the Parties may agree to secure additional funding for the Company in this manner.
- 8.7 Proportionate Loan Claims and Disproportionate Loan Claims will immediately become due and payable in the event that the Company is placed in liquidation or under business rescue, whether provisional or final and whether compulsory or voluntary or the Company enters into a compromise or other similar arrangement with its creditors generally.

9 ANNUAL BUDGET AND BUSINESS PLAN

- 9.1 The Directors shall every year by no later than 60 (sixty) days prior to the end of the financial year of the Company, submit to the Board for approval a proposed Annual Budget and Business Plan for the conduct of the Business during the next financial year, in the form and level of detail determined by the Board from time to time.
- 9.2 The Annual Budget shall include but not be limited to –
- 9.2.1 a projected income statement, balance sheet and cash flow statement for the ensuing financial year; and
- 9.2.2 a capital expenditure programme specifying amounts outstanding on approved capital expenditure brought forward from the prior year as well as proposed future capital expenditure commitments of the Company.
- 9.3 The Board shall evaluate, amend and finalise the Annual Budget within 30 (thirty) days of receipt, and submit the same to the Shareholders for approval by way of a special resolution.

- 9.4 Until such time as the new Annual Budget has been approved in accordance with this clause 8.7, the previous Annual Budget (indexed), will be applied by the Board and will be binding on the Parties as if it had been approved in accordance with this clause 8.7.

10 TRANSFER OF SHARES – GENERAL PROVISIONS

- 10.1 Unless otherwise agreed by a Special resolution of the Shareholders and subject always to the terms of this Agreement and the MOI –
- 10.1.1 a Shareholder may dispose of its Shares only if, in one and the same transaction, it disposes of that portion of its Loan Claims which bears the same proportion to the whole of its Loan Claims as the Shares disposed of bear to the whole of its shareholding in the Company; and
- 10.1.2 Equity may not be pledged, hypothecated or otherwise encumbered.
- 10.2 Shares may only be transferred in accordance with the provisions of this Agreement and no transfer of any Shares which conflicts with any provision of this Agreement shall be approved nor be permitted to be registered.
- 10.3 Securities transfer tax payable in respect of any transfer of Shares pursuant to this Agreement will be paid by Company, but shall be recoverable from the purchaser of such Shares.

11 TRANSFER OF SHARES – PRE-EMPTIVE RIGHTS

- 11.1 Subject to clause 10, should a Shareholder ("**Disposer**") wish to dispose of any Equity, the Disposer shall offer such Equity by notice in writing to the remaining Shareholder ("**First Shareholder Offer**") stating -
- 11.1.1 the number of Shares and the amount of the Loan Claims which the Disposer proposes to sell;
- 11.1.2 the price (in South African currency) at, and the terms and conditions upon which, the Disposer proposes to sell the Equity; and
- 11.1.3 to the extent applicable, the name of the proposed transferee to whom the Disposer intends selling and its ultimate holding company (if any), and including a copy of any offer received.
- 11.2 Should the First Shareholder Offer not be accepted in full in writing within 15 (fifteen) business days of the date upon which the First Shareholder Offer is made,

and -

- 11.2.1 a proposed transferee has been identified as part of the First Shareholder Offer, then -
 - 11.2.1.1 none of the acceptances of the First Shareholder Offer will be of any force or effect (unless otherwise determined by the Disposer in the First Shareholder Offer) and the Disposer will then be entitled to dispose of all (or the remaining portion of) the Equity offered, within a further period of 20 (twenty) business days, to the proposed transferee referred to in clause 11.1.3 at a price not lower and on terms and conditions not more favourable to such person than the price and terms stated in the First Shareholder Offer, provided that the giving of warranties to a third party offer or will not constitute more favourable terms, unless designed to increase the purchase price; and
 - 11.2.1.2 unless the Disposer disposes of all its said Equity to the proposed transferee within the said further period of 20 (twenty) business days, it may not thereafter dispose of any Equity without again adopting the procedure referred to herein;
- 11.2.2 no proposed transferee has been identified as part of the First Shareholder Offer, then –
 - 11.2.2.1 none of the acceptances of the First Shareholder Offer will be of any force or effect (unless otherwise determined by the Disposer in the First Shareholder Offer); and
 - 11.2.2.2 the Disposer may not dispose of the Equity to any third party without again adopting the procedure set out above.
- 11.3 To the extent that the Shareholders fail to take up all of the Shares offered by the Disposer, and the Disposer has identified a proposed transferee in terms of clause 11.1.3, the Parties undertake to co-operate with such proposed transferee for the purpose of enabling the proposed transferee to conduct a due diligence investigation into the affairs of the Company and the Business to its reasonable satisfaction.
- 11.4 The acceptance of any offer in terms of this clause 11 will be subject to the condition precedent that all approvals required by law or regulation to give effect thereto or to the implementation of the transaction contemplated thereby, are obtained. The Parties undertake to do all things, perform all such actions and take

all such steps and to procure the doing of all such things, the performance of all such actions and the taking of all such steps as may be open to them and necessary for or incidental to expediting any regulatory approval process.

12 COME ALONG / TAG ALONG

12.1 Should an offer be received -

12.1.1 from a third party to purchase all of the Shares, and Shareholders holding more than 75% (seventy five percent) of the voting rights of all Shareholders wish to accept such offer, then those Shareholders shall be entitled to require the remaining Shareholders to sell their Shares on the same terms and conditions as that contained in the offer. Each of the Shareholders hereby irrevocably appoints the Company as its attorney and agent to accept the offer on its behalf and to do all such things as may be necessary to comply with the provisions of this clause 12.1.1;

12.1.2 by Shareholders holding more than 75% (seventy five percent) of the voting rights of all Shareholders to purchase all or part of their Shares and those Shareholders wish to accept such offer ("**Accepting Shareholders**"), then, if so requested in writing by any of the remaining Shareholders ("**Remaining Shareholders**"), the Accepting Shareholders shall not be entitled to sell their Shares to such third party unless the same offer *mutatis mutandis* is made to those Remaining Shareholders to acquire all or a part of their Shares. Should the offer have been received from the third party to acquire only a percentage of the Shares held by the Accepting Shareholders, each of the Remaining Shareholders shall have the right to sell the same percentage of their Shares to the third party.

12.2 The provisions of clause 12.1 shall –

12.2.1 apply *mutatis mutandis* to all Loan Claims on the basis set out in clause 10.1.1; and

12.2.2 be subject to the provisions of clauses 10 and 11.

13 DEEMED OFFERS

13.1 Subject to clause 10, a Shareholder ("**Deemed Disposer**") shall be deemed to have offered its Equity for sale to the remaining Shareholders ("**Deemed Offer**") upon the happening of any of the following events –

- 13.1.1 there is a Change in Control of such Shareholder;
- 13.1.2 the majority of such Shareholder's issued share capital is acquired or becomes held, directly or indirectly, in any manner whatsoever, by any person, or persons acting in concert, who did not hold, directly or indirectly, the majority of its share capital as at the Signature Date;
- 13.1.3 the majority of the voting rights attaching to such Shareholder's issued share capital are acquired or become held, directly or indirectly, in any manner whatsoever, by any person, or persons acting in concert, who did not hold, directly or indirectly, the majority of such voting rights as at the Signature Date;
- 13.1.4 the majority of the economic benefits in or to such Shareholder's issued share capital are acquired or become held, directly or indirectly, in any manner whatsoever, by any person, or persons acting in concert, who did not hold, directly or indirectly, the majority of the economic benefits as at the Signature Date; or
- 13.1.5 such Shareholder is liquidated or placed under judicial management, whether provisionally or finally, or commits an act which, if it were a natural person would constitute an act of insolvency as defined in the Insolvency Act, No 24 of 1936, or any other applicable Act, or compromises with its creditors generally, or attempts to do so.
- 13.2 The Deemed Offer will be deemed to have been made by the Deemed Disposer on the business day preceding the happening of the relevant event, upon *mutatis mutandis* the same terms and conditions as are contained in clause 11, save that –
 - 13.2.1 the provisions that the relevant offer has to be accepted in full failing which it will not be of any force or effect, shall not apply;
 - 13.2.2 the purchase consideration payable for the Equity will be the Fair Market Value thereof; and
 - 13.2.3 the 15 (fifteen) business day period referred to in clause 11.2 will be extended by such number of days as may be necessary in order to finally determine the Fair Market Value of the Equity;
 - 13.2.4 the purchase consideration payable in respect of the Equity will be paid in cash within 30 (thirty) business days of the acceptance of the Deemed Offer, and against registration of transfer of the Shares in the register of members of the Company and the cession of the Loan Claims to the accepting Shareholders.

14 RELEASE FROM SURETY OBLIGATIONS

If one or more of the Shareholders purchase the entire shareholding of another Shareholder pursuant to the provisions of this Agreement, the purchasing Shareholder/s shall be obliged to use its/their best endeavours to procure the release of the selling Shareholder from any guarantees given for the obligations of the Company, provided that such best endeavours shall not require the discharge or material variation of any principal obligation and, until the release is procured, the purchasing Shareholder/s shall indemnify the selling Shareholder against liability under any such guarantee.

15 SUBSTITUTE SHAREHOLDERS

15.1 Any transferring Shareholder may transfer all of its Equity to its holding company, any subsidiary company or any subsidiary of such holding company ("**Group Company**") and will in such event assign its rights and obligations under this Agreement to such Group Company. Clauses 11 and 12 shall not apply to a transfer of Equity between a transferring Shareholder and its Group Company and *vice versa*.

15.2 Should a transferring Shareholder wish to transfer its Equity to a Group Company as contemplated in clause 15.1 –

15.2.1 the Group Company shall agree to be bound by all the terms and conditions herein contained;

15.2.2 the transferring Shareholder shall bind itself as surety for and co-principal debtor *in solidum* with the Group Company for the due compliance by the Group Company with all its obligations under and in terms of this Agreement; and

15.2.3 the Group Company shall undertake in writing that in the event that it ceases to be a Group Company in relation to the transferring Shareholder, it will forthwith transfer all such Equity back to the transferring Shareholder or to another Group Company of the transferring Shareholder.

16 FAIR MARKET VALUE

16.1 Whenever the Fair Market Value is required to be determined –

16.1.1 of the Company, Shareholders holding more than 75% (seventy five percent) of the voting rights of all Shareholders shall attempt to agree such value in writing;
or

- 16.1.2 of Equity, the Deemed Disposer and Shareholders holding more than 75% (seventy five percent) of the balance of voting rights of all Shareholders (other than the Deemed Disposer) shall attempt to agree in writing such value.
- 16.2 Should the relevant Shareholders fail to so agree in writing the fair market value of the Company or the relevant Equity within 20 (twenty) business days from the date of a request by any Shareholder for such agreement, the fair market value of the Company or the relevant Equity will be determined by the Independent Auditors. In so certifying the Independent Auditors shall –
- 16.2.1 act as experts and not as arbitrators;
- 16.2.2 value the Company or the relevant Equity having regard to the price a willing buyer would pay to a willing seller negotiating at arm's length; and
- 16.2.3 not take into account the fact that the relevant Equity may be a minority or majority holding.

17 GENERAL UNDERTAKINGS BY THE SHAREHOLDERS

- 17.1 The Parties shall at all times during the continuance of this Agreement observe the principles of good faith towards one another in the performance of their obligations in terms of this Agreement and of the MOI. This implies, without limiting the generality of the foregoing, that they shall –
- 17.1.1 at all times during the term of this Agreement act reasonably, honestly and in good faith;
- 17.1.2 perform their obligations arising from this Agreement or the MOI diligently and with reasonable care;
- 17.1.3 make full disclosure to each other of any matter that may affect the execution or implementation of this Agreement or of the MOI.
- 17.2 It is recognised that the continued growth of the Company will be for the benefit of all Shareholders and accordingly the Shareholders undertake at all times to act in their mutual interests and in the best interests of the Company and in good faith to one another.
- 17.3 The Shareholders undertake at all times to do all such things, perform all such actions and take all such steps (including in particular the exercise of their respective voting rights in the Company) and to procure the doing of all such things,

the performance of all such actions and the taking of all such steps as may be open to them and necessary for or incidental to the putting into effect and maintenance of the terms, conditions and import of this Agreement.

- 17.4 The undertakings given in this clause 17 shall apply to any Shareholder for so long as that Shareholder remains a shareholder and for a period of 6 (six) months thereafter.
- 17.5 The undertakings contained in this clause 17 are for the benefit of the Company and any successor in title to the Business or the goodwill of the Company.

18 **SPECIALLY PROTECTED MATTERS**

In accordance with clause 23 of the MOI, the Shareholders shall exercise their powers in relation to the Company in order to procure that the Company shall not become bound or committed to any of the resolutions or transactions listed in Annexure D, and the Shareholders shall not, whether directly or indirectly, take any steps of any nature to propose, authorise or permit the Company to become bound or committed to any such resolution or transaction unless such resolution or transaction has been approved by Shareholders by way of Special Resolution.

19 **RELATIONSHIP OF THE PARTIES**

The relationship of the Parties, *inter se*, shall be governed by the terms of this Agreement and the MOI and nothing contained herein shall be deemed to constitute a partnership, joint venture or the like between them nor to constitute one Party the agent of the others for any purpose. No Party shall by reason of the actions of any of the other Parties incur any personal liability as a co-partner to any third party and no Party shall be entitled to authorise, represent or to hold out to any third party that the relationship between the Parties is that of a partnership, joint venture or the like as aforesaid.

20 **GENERAL WARRANTIES**

- 20.1 Each of the Parties hereby warrants to and in favour of the others that –
- 20.1.1 it has the legal capacity and has taken all necessary corporate action required to empower and authorise it to enter into this Agreement;
- 20.1.2 this Agreement constitutes an agreement valid and binding on it and enforceable against it in accordance with its terms;

- 20.1.3 the execution of this Agreement and the performance of its obligations hereunder does not and shall not –
- 20.1.3.1 contravene any law or regulation to which that Party is subject;
- 20.1.3.2 contravene any provision of that Party's constitutional documents; or
- 20.1.3.3 conflict with or constitute a breach of any of the provisions of any other agreement, obligation, restriction or undertaking which is binding on it; and
- 20.1.4 to the best of its knowledge and belief, it is not aware of the existence of any fact or circumstance that may impair its ability to comply with all of its obligations in terms of this Agreement;
- 20.1.5 it is entering into this Agreement as principal (and not as agent or in any other capacity);
- 20.1.6 the natural person who signs and executes this Agreement on its behalf is validly and duly authorised to do so;
- 20.1.7 no other party is acting as a fiduciary for it; and
- 20.1.8 it is not relying upon any statement or representation by or on behalf of any other Party, except those expressly set forth in this Agreement.
- 20.2 Each of the representations and warranties given by the Parties in terms of clause 20.1 shall –
- 20.2.1 be a separate warranty and will in no way be limited or restricted by inference from the terms of any other warranty or by any other words in this Agreement;
- 20.2.2 continue and remain in force notwithstanding the completion of any or all the transactions contemplated in this Agreement; and
- 20.2.3 *prima facie* be deemed to be material and to be a material representation inducing the other Parties to enter into this Agreement.

21 CONFIDENTIALITY AND PUBLICITY

- 21.1 In addition to any other confidentiality, non-disclosure or similar obligations that a Party may have or owe to the other Party, the Parties agree that they shall not, without the prior written consent of the disclosing Party, disclose publicly the terms and conditions of this Agreement, the non-public details about the Project and

Products and the Parties shall take all reasonable steps to minimise the risk of disclosure of confidential information which is proprietary to the Company, by ensuring that only their employees and directors and those of the Company whose duties will require them to possess any such information shall have access thereto, and that they shall be instructed to treat the same as confidential. The foregoing shall not be applicable to the Shareholders with respect to -

- 21.1.1 information which enters the public domain other than as a result of this Agreement;
 - 21.1.2 information which is lawfully received from a third party not subject to any duty of confidentiality to the applicable Shareholder with respect to such information;
 - 21.1.3 information which is known other than as a result of a disclosure in breach of any duty of confidentiality to the applicable Shareholder with respect to such information; and
 - 21.1.4 disclosure made as required by law or enforceable legal process, or by the rules of any securities exchange or regulatory authority having jurisdiction over such person.
- 21.2 Unless agreed by Shareholders holding more than 75% (seventy five percent) of the voting rights of all Shareholders, none of the Shareholders shall issue or make any public announcement or statement (including any written or oral statement under circumstances where it could reasonably be expected that such statement would be published in any media) or any other disclosure to any third party regarding this Agreement or the transactions contemplated hereby, including, without limitation, any reference to their terms or conditions, unless required by law or enforceable legal process or the rules of any securities exchange or any regulatory authority having jurisdiction over the Shareholders or any of them.
- 21.3 Should a Shareholder wish to negotiate with a *bona fide* third party (not being a competitor, directly or indirectly, in relation to the Company or the Business) for the possible disposal of any Equity to that *bona fide* third party, such Shareholder shall be entitled to disclose confidential information concerning the Company and the Business to such *bona fide* third party provided that such third party has signed and executed a confidentiality undertaking on terms and conditions acceptable to Shareholders holding more than 75% (seventy five percent) of the voting rights of all Shareholders and there shall be no obligation on the disclosing Shareholder to reveal the identity of the *bona fide* third party at that stage.

22 BREACH

The Parties agree that the cancellation of this Agreement in the event of a breach would be an inappropriate and insufficient remedy and that irreparable damage would occur if the provisions of this Agreement were not complied with. It is accordingly agreed that, in the event of a breach, the aggrieved Party shall be entitled (without prejudice to any other rights which it may have in law save for the right to cancel the Agreement) to an order for specific performance and to recover any damages which it may have suffered.

23 EFFECT OF TERMINATION

Notwithstanding anything to the contrary herein contained, the provisions of clauses 21 to 31 will survive any termination of this Agreement.

24 FAST TRACK DISPUTE RESOLUTION

- 24.1 Disputes expressly referred for determination pursuant to this clause 24 shall be determined by the relevant Independent Expert.
- 24.2 Within five (5) business days after a dispute has been referred by either Party to the appropriate Independent Expert, the Independent Expert shall require the Parties to submit in writing their respective arguments. The Independent Expert shall, in his absolute discretion, consider whether a hearing is necessary in order to resolve the dispute.
- 24.3 The Independent Expert can decide whether the giving of oral evidence is required or if written submissions will suffice. All proceedings can occur by way of electronic communication.
- 24.4 The Independent Expert shall provide both Parties with his written decision on the dispute, within 10 (ten) business days of the referral (or such other period as the Parties may agree after the referral).
- 24.5 The Independent Expert's costs of any referral shall be borne as the Independent Expert shall specify or, if not specified, by the Party against whom the Independent Expert rules. Each Party shall bear its own costs arising out of the referral, including its legal costs and the costs and expenses of any witnesses.
- 24.6 The Independent Expert shall act impartially and its decision shall, save in the event of a manifest error, be final and binding on the Parties.

25 NOTICES AND DOMICILIA

25.1 The Parties select as their respective *domicilia citandi et executandi* the following physical addresses, and for the purposes of giving or sending any notice provided for or required under this Agreement, the said physical addresses as well as the following telefax numbers –

| <u>Name</u> | <u>Physical Address</u> | <u>Email</u> |
|------------------------|---|--------------|
| PSYENCE BIOMED CORP | [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] | [REDACTED] |

Marked for the attention of: Mr Jody Aufrichtig

| <u>Name</u> | <u>Physical Address</u> | <u>Email</u> |
|-----------------------------------|--|--------------|
| THE GOODLEAF COMPANY (PTY) LTD | [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] | [REDACTED] |

Marked for the attention of: Mr Warren Schewitz

provided that a Party may change its *domicilium* or its address for the purposes of notices to any other physical address or telefax number by written notice to the other Parties to that effect. Such change of address will be effective 5 (five) business days after receipt of the notice of the change.

25.2 Notwithstanding the above, any notice given in writing in English, and actually received by the Party to whom the notice is addressed, will be deemed to have been properly given and received, notwithstanding that such notice has not been given in accordance with this clause 24.

25.3 The Parties record that whilst they may correspond via email during the currency of this Agreement for operational reasons, no formal notice required in terms of this Agreement, nor any amendment of or variation to this Agreement may be given or concluded via email.

26 **BENEFIT OF THE AGREEMENT**

This Agreement will also be for the benefit of and be binding upon the successors in title and permitted assigns of the Parties or any of them.

27 **APPLICABLE LAW AND JURISDICTION**

27.1 This Agreement will in all respects be governed by and construed under the laws of the Republic of South Africa.

27.2 Subject to clause 24, the Parties hereby consent and submit to the non-exclusive jurisdiction of the Western Cape High Court, Cape Town in any dispute arising from or in connection with this Agreement.

28 **INDEPENDENT ADVICE**

Each of the Parties to this Agreement hereby acknowledges and agrees that –

28.1 it has been free to secure independent legal and other professional advice (including financial and taxation advice) as to the nature and effect of all of the provisions of this Agreement and that it has either taken such independent advice or has dispensed with the necessity of doing so; and

28.2 all of the provisions of this Agreement and the restrictions herein contained are fair and reasonable in all the circumstances and are in accordance with the Party's intentions.

29 **GENERAL**

29.1 **Whole Agreement**

29.1.1 This Agreement constitutes the whole of the agreement between the Parties relating to the matters dealt with herein and, save to the extent otherwise provided herein, no undertaking, representation, term or condition relating to the subject matter of this Agreement not incorporated in this Agreement shall be binding on any of the Parties.

29.1.2 This Agreement supersedes and replaces any and all agreements between the Parties (and other persons, as may be applicable) and undertakings given to or on behalf of the Parties (and other persons, as may be applicable) in relation to the subject matter hereof.

29.2 **Variations to be in Writing**

No addition to or variation, deletion, or agreed cancellation of all or any clauses or provisions of this Agreement will be of any force or effect unless in writing and signed by the Parties.

29.3 **No Indulgences**

No latitude, extension of time or other indulgence which may be given or allowed by any Party to the other Parties in respect of the performance of any obligation hereunder, and no delay or forbearance in the enforcement of any right of any Party arising from this Agreement and no single or partial exercise of any right by any Party under this Agreement, shall in any circumstances be construed to be an implied consent or election by such Party or operate as a waiver or a novation of or otherwise affect any of the Party's rights in terms of or arising from this Agreement or estop or preclude any such Party from enforcing at any time and without notice, strict and punctual compliance with each and every provision or term hereof. Failure or delay on the part of any Party in exercising any right, power or privilege under this Agreement will not constitute or be deemed to be a waiver thereof, nor will any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

29.4 **No Waiver or Suspension of Rights**

No waiver, suspension or postponement by any Party of any right arising out of or in connection with this Agreement shall be of any force or effect unless in writing and signed by such Party. Any such waiver, suspension or postponement will be effective only in the specific instance and for the purpose given.

29.5 **Provisions Severable**

All provisions and the various clauses of this Agreement are, notwithstanding the manner in which they have been grouped together or linked grammatically, severable from each other. Any provision or clause of this Agreement which is or becomes unenforceable in any jurisdiction, whether due to voidness, invalidity, illegality, unlawfulness or for any other reason whatever, shall, in such jurisdiction only and only to the extent that it is so unenforceable, be treated as *pro non scripto* and the remaining provisions and clauses of this Agreement shall remain of full force and effect. The Parties declare that it is their intention that this Agreement would be executed without such unenforceable provision if they were aware of

such unenforceability at the time of execution hereof.

29.6 **Continuing Effectiveness of Certain Provisions**

The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.

29.7 **No Assignment**

Neither this Agreement nor any part, share or interest herein nor any rights or obligations hereunder may be ceded, delegated or assigned by any Party without the prior written consent of the other Parties, save as otherwise provided herein, provided that any Shareholder shall be entitled, in respect of any Equity it may transfer in terms of this Agreement, to assign its rights under this Agreement in relation to that Equity to the Permitted Transferee thereof.

30 **COSTS**

The Company shall pay the legal costs and expenses of and incidental to the negotiation, drafting, preparation and implementation of this Agreement.

31 **SIGNATURE**

31.1 This Agreement is signed by the Parties on the dates and at the places indicated below.

31.2 This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same Agreement as at the date of signature of the Party last signing one of the counterparts.

31.3 The persons signing this Agreement in a representative capacity warrant their authority to do so.

31.4 The Parties record that it is not required for this Agreement to be valid and enforceable that a Party shall initial the pages of this Agreement and/or have its signature of this Agreement verified by a witness.

SIGNED at Cape Town on 4 March 2021

For and on behalf of
PSYENCE BIOMED CORP.



Signature
Jody Aufrichtig

Name of Signatory
Director

Designation of Signatory

SIGNED at Cape Town on 12 April 2021

For and on behalf of
THE GOODLEAF COMPANY
(PROPRIETARY) LIMITED



Signature
Warren Schewitz

Name of Signatory

Director

Designation of Signatory

DEED OF ADHERENCE

To the Shareholders of the Company:

We hereby agree that after the completion of the [transfer/issue] of shares in the Company, we will be fully bound and governed by the Memorandum of Incorporation of the Company and the Shareholders' Agreement executed by and among [] dated [].

Signatory:

Signature of the Acceding Shareholder:

Title:

Date:

Acknowledged and Agreed by

Signatory:

Signature of Company:

Title:

Date:

ANNEXURE B: PROJECT COSTS

ANNEXURE C: FIRST ANNUAL BUDGET

ANNEXURE D: SPECIALLY PROTECTED MATTERS

- 1 The following are the Specially Protected Matters referred to in the MOI –
 - 1.1 the disposal or transfer (whether directly or through a subsidiary or other vehicle) of any business, share, asset or other investment (in the case of an asset otherwise than in the ordinary course of business of the Company);
 - 1.2 the establishment, acquisition or purchase of any business, share, asset or other investment (in the case of an asset otherwise than in the ordinary course of business of the Company);
 - 1.3 approval of the annual budget or other similar operating plans and any modification thereof or deviations therefrom;
 - 1.4 the Encumbering of any assets of the Company in any manner whatsoever;
 - 1.5 any change in the basis of accounting or accounting policies from those used during the immediately preceding financial year otherwise than in accordance with IFRS;
 - 1.6 any agreement between the Company and any Shareholder or any holding company or subsidiary of any Shareholder or any person holding at least 25% (twenty five percent) of the total issued share capital of any Shareholder;
 - 1.7 the revaluation of any material asset;
 - 1.8 the determination of the scope of any Director's or group of Directors' authority and the delegation of any powers including the power to re-delegate;
 - 1.9 any decision to cover or not to cover forward any amounts receivable or payable in a currency other than South African Rand;
 - 1.10 any decision not to insure (or to insure for a lesser amount) against such risks as may be recommended by the Company's insurance brokers;
 - 1.11 any amendment to the Company's Memorandum of Incorporation or Rules;
 - 1.12 any increase in, alteration or reduction or conversion of the Company's authorised or issued share capital;
 - 1.13 any variation of any of the rights attaching to any Shares or class of Shares in the Company;
 - 1.14 the issue or allotment by the Company of any capitalisation Shares, bonus Shares, share options, share warrants or debentures;
 - 1.15 the repurchase of any of the Company's issued Shares;
 - 1.16 the liquidation or winding-up or the discontinuance of the business activities of the Company;
 - 1.17 any matter relating to the financing or capital or borrowings of the Company which would have the effect of directly or indirectly reducing the proportionate shareholding of any Shareholder;
 - 1.18 any re-structuring of the Company, merger of the Company and any other entity and any joint venture agreements;
 - 1.19 any material change in the nature of the Business
 - 1.20 any appointment and removal of auditors to the Company;

- 1.21 the listing of any Shares or share options on any recognised stock exchange;
- 1.22 the appointment or dismissal of senior executives of the Company;
- 1.23 the incurring of any direct indebtedness (other than trade debt in the ordinary course of business) with an exposure at any given time in excess of R100,000.00 (one hundred thousand rand);
- 1.24 the issue of guarantees, suretyships, letters of comfort or other similar undertakings (other than to secure trade debt in the ordinary course of business) with an aggregate exposure at any given time of R100,000.00 (one hundred thousand rand) or more;
- 1.25 the incurring of any direct indebtedness (other than trade debt in the ordinary course of business) plus guarantees, suretyships, letters of comfort or other similar undertakings (other than to secure trade debt in the ordinary course of business) with an aggregate exposure at any given time in the aggregate in excess of R100,000.00 (one hundred thousand rand);
- 1.26 the authorisation of foreign exchange commitments involving individual or cumulative amounts in excess of R100,000.00 (one hundred thousand rand) in any financial year, unless such amount has been provided for in the Annual Budget;
- 1.27 the instituting of litigation or settlement of any claim where the amount in dispute exceeds R100,000.00 (one hundred thousand rand) but specifically excluding the institution of any legal proceedings against any Shareholder or Director; and
- 1.28 the delegation of the functions or actions referred to above in this Schedule to any one Director, any sub-committee of the Board or any other person or persons,

and the foregoing shall apply, *mutatis mutandis*, in relation to any subsidiary of the Company.

- 2 All Rand amounts reflected in this Schedule shall be increased on 1 January of each year, in the same ratio as any increase in the Consumer Price Index year-on-year, provided that, for the purposes hereof, "**Consumer Price Index**" means the weighted average consumer price index for all areas of the month in which the date concerned falls as published by the Central Statistical Services of the Republic ("**Official Index**"), provided that –
 - 2.1 if the Official Index is at any time discontinued, or is otherwise unavailable, the Company's auditors ("**Auditors**") shall select or prepare a similar index and may direct how it is to be applied so as to have the same effect as nearly as possible as the Official Index would have had if it had not been discontinued or otherwise become unavailable;
 - 2.2 if the basis of the Official Index is modified at any time after the date on which the Company is incorporated, the Auditors shall, if so requested, by any Shareholder and if the Auditors consider that the modification is material, make such adjustments in the Official Index as will restore it as nearly as possible to the position it would have been in had its basis not been so modified; and
 - 2.3 a determination by the Auditors as contemplated herein shall be binding on the Company and its Shareholders.