

**THIS AGREEMENT** is made of the 19<sup>th</sup> day of January, 2016 (the "**Effective Date**").

**BETWEEN:**

**THE TINLEY BEVERAGE COMPANY INC.**, a corporation  
existing under the laws of the Province of Ontario

("Tinley")

- and -

**JEFFREY PENCER**, an individual residing in the Province of  
Ontario

(the "**Shareholder**")

- and -

**FOGLER, RUBINOFF LLP**, a limited liability partnership  
organized under the laws of Ontario

(the "**Escrow Agent**")

**RECITALS:**

- A. Tinley has accepted an assignment of the consulting agreement with the Shareholder, pursuant to which, Tinley has agreed to issue to Shareholder 500,000 Common Shares in the capital of Tinley in consideration for the services to be provided by the Shareholder to Tinley related to the Business, out of which 375,000 Common Shares shall be subject to escrow provisions set out herein.
- B. Section 5.1.1 (a) of the Consulting Agreement provides that the Common Shares shall be subject to the Performance Escrow.
- C. The Parties wish to enter into this Agreement to provide for the deposit of 375,000 Common Shares issued the Shareholder (the "**Deposited Shares**") to be held in escrow and released by the Escrow Agent in accordance with the terms and conditions of this Agreement.
- D. The foregoing recitals are made as representations and statements of fact by the Parties other than the Escrow Agent.

**THEREFORE**, the Parties agree as follows:

**1. Definitions**

Whenever used in this Agreement, the following words and terms have the meanings set out below:

"**Act**" means the *Business Corporations Act* (Ontario);

"**Affiliate**" has, with respect to any corporation, the meaning set out in the Act;

"**Agreement**" means this escrow agreement, including all schedules, and all amendments or restatements, as permitted, and references to "**Section**" mean the specified Section of this Agreement;

"**Business**" means the business of the Vendor related to, directly or indirectly, the development, manufacturing, marketing, selling and distributing hemp stalk oil infused beverages;

"**Business Day**" means any day other than Saturday, Sunday or a statutory holiday in Toronto, Ontario;

"**Consulting Agreement**" means a consulting agreement between Tinley, Jeffrey Maser and the Shareholder dated May 15, 2015 and amended on September 30, 2015;

"**Common Shares**" has means the common shares in the capital of Tinley;

"**Deposited Shares**" has the meaning given in recital C to this Agreement;

"**Effective Date**" has the meaning given in the preamble to this Agreement;

"**Encumbrance**" means mortgages, charges, pledges, security interests, liens, encumbrances, actions, claims, demands and equities of any nature whatsoever or howsoever arising and any rights or privileges capable of becoming any of the foregoing;

"**Escrow Agent**" has the meaning given in the preamble to this Agreement;

"**Escrowed Shares**" means, generally, the Deposited Shares, other than any such Shares which have been released from escrow pursuant to the terms of this Agreement;

"**Governmental Authority**" means any government, regulatory or administrative authority, agency, commission, utility or board (federal, provincial, state, municipal or local, domestic or foreign) having jurisdiction in the relevant circumstances and any Person acting under the authority of any of the foregoing and any judicial, administrative or arbitral court, authority, tribunal or commission having jurisdiction in the relevant circumstances;

"**Laws**" means any and all requirements imposed by federal, provincial, state, local or foreign or other law, constitution (including common law), statutes, regulations, rules, ordinances, by-laws, decrees, codes, policies, judgments, orders, rulings, decisions, approvals, notices, permits, guidelines or directives of any Governmental Authority; and the term "**applicable**" with respect to such Laws and, in the context that refers to any Person, means such Laws as are applicable at the relevant time or times to such Person or its business, undertaking, property or assets and emanate from a Governmental Authority having jurisdiction over such Person or its business, undertaking, property or assets;

"**Performance Escrow**" escrow provision applying to the Deposited Shares, as set out herein;

"**Parties**" means, collectively, Tinley, the Shareholder and the Escrow Agent; and "**Party**" means any one of them;

"**Person**" means and includes any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, enterprise, unincorporated organizations, Governmental Authority and any other form of entity or organization;

"**Shareholder**" has the meaning given in the preamble to this Agreement;

"**Shares**" means the common shares in the capital of Tinley; and

"**Tinley**" has the meaning given in the preamble to this Agreement.

## 2. **Certain Rules of Interpretation**

In this Agreement:

- (a) **Consent** – Whenever a provision of this Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.
- (b) **Currency** – Unless otherwise specified, all references to money amounts are to lawful currency of Canada.
- (c) **Governing Law** – This Agreement is a contract made under and shall be governed by and construed in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable in the Province of Ontario.
- (d) **Headings** – Headings of Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.
- (e) **Including** – Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".
- (f) **No Strict Construction** – The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.
- (g) **Number and Gender** – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.
- (h) **Severability** – If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other Parties or circumstances.

- (i) **Statutory references** – A reference to a statute includes all regulations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.
- (j) **Time** – Time is of the essence in the performance of the Parties' respective obligations.
- (k) **Time Periods** – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.
- (l) **Delivery** – When any shares are released pursuant to this Agreement, the Escrow Agent shall send a certificate representing such shares via courier delivery to the Shareholder, as soon as reasonably practicable.

### **3. Appointment of Escrow Agent**

Tinley and the Shareholder appoint the Escrow Agent to act as escrow agent on the terms and conditions set forth in this Agreement and the Escrow Agent accepts such appointment on such terms and conditions.

### **4. Deposit**

The Shareholder shall deposit with the Escrow Agent a certificate representing the then released Deposited Shares registered in the name of the Shareholder to be held and released by the Escrow Agent on the terms and conditions set forth in this Agreement.

### **5. Holding of Escrowed Shares**

The Escrow Agent shall hold the Escrowed Shares, subject to the terms and conditions of this Agreement. The Escrow Agent shall not distribute or release the Escrowed Shares except in accordance with the terms and conditions of this Agreement.

### **6. Escrowed Share Rights During Escrow**

So long as any Escrowed Shares are held in escrow by the Escrow Agent pursuant to this Agreement, the Shareholder shall not directly or indirectly:

- (a) sell, assign, transfer (including, granting all or any part of the economic benefit attached to the Escrowed Shares to any other Person), exchange or otherwise dispose of any of the Escrowed Share; or
- (b) create, assume or suffer to exist any Encumbrance on any of the Escrowed Shares.

## **7. Release of Escrowed Shares**

- (a) 375,000 Common Shares shall be subject to a vesting schedule and shall vest ("**Vested Shares**"), vest in equal quarterly installments over a period of 18 months, whereby 150,000 Common Shares shall vest immediately upon Tinley generating \$50,000 in revenue from hemp stalk oil infused beverages developed by a beverage developer sourced by the Shareholder.
- (b) Vested Shares shall be released from Escrow in equal quarterly installments over the period over a period of 18 months commencing on September 30, 2015 ("**Release Schedule**").
- (c) Upon release of the Escrowed Shares, the Escrow Agent shall cause to be delivered to the Shareholder to the Shareholder's address provided in Section 13 a certificate registered in the name of the Shareholder representing the Escrowed Shares.
- (d) Notwithstanding Section 7(a) and (b), upon the Escrow Agent's receipt of written instructions signed by Tinley and the Shareholder to the effect that the Escrow Shares may be released prior to achieving the vesting and release timelines, the Escrow Agent shall promptly comply with such written instructions and the Escrowed Shares shall be distributed accordingly.

## **8. Termination of Agreement**

This Agreement may be terminated, other than the conditions of this Agreement for the protection of the Escrow Agent, at any time by and upon the receipt of a written notice of termination signed by Tinley and the Shareholder. Unless so terminated, this Agreement, other than the provisions of this Agreement for the protection of the Escrow Agent shall terminate upon the delivery or disposition, as applicable, by the Escrow Agent in accordance with the terms of this Agreement, of all of the Escrowed Shares.

## **9. Determinations**

The Escrow Agent shall not be responsible for or required to enforce any of the terms and conditions of the agreements between the Parties, other than as applicable to the Escrow Agent, but shall be entitled to rely conclusively on the terms of this Agreement and the documents tendered to it in accordance with the terms of this Agreement.

## **10. Costs and Expenses**

- (a) The Escrow Agent shall be entitled to be paid a fee for its services under this Agreement, such fees shall be paid by Tinley.
- (b) No other fees, costs or expenses will be payable to the Escrow Agent pursuant to this Agreement save and except for any reasonable expenses and disbursements incurred by the Escrow Agent in carrying out its duties under this Agreement (except for any disbursements incurred in breach of this Agreement or in any suit

or litigation pursuant to which the Escrow Agent is determined to have acted in bad faith or with fraud, gross negligence or wilful misconduct).

- (c) Notwithstanding any failure on the part of Tinley to pay pursuant to Section 10(a) or 10(b), the Escrow Agent shall not be permitted to charge its fees (and disbursements, if applicable) against the Escrowed Shares.
- (d) The obligations in this Section 11 shall survive the termination or discharge of this Agreement or the resignation or removal of the Escrow Agent.

## **11. Escrow Agent**

The acceptance by the Escrow Agent of its duties under this Escrow Agreement is subject to the following terms and conditions which shall govern and control the rights, duties, liabilities and immunities of the Escrow Agent:

- (a) the Escrow Agent shall not be responsible or liable in any manner whatsoever for the sufficiency, correctness, genuineness or validity of any securities deposited with it;
- (b) the Escrow Agent is not a party to, and is not bound by, any agreement which may be evidenced by, or arising out of, the foregoing instructions, other than as expressly set forth herein;
- (c) the Escrow Agent shall be protected in acting upon any written notice, declaration, request, waiver, consent, receipt or other paper or document which the Escrow Agent in good faith believes to be genuine and what it purports to be;
- (d) the Escrow Agent shall not be liable for any error of judgment, or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or Law, or for any thing which it may do or refrain from doing in connection with this Agreement, except for its own bad faith, fraud, gross negligence or wilful misconduct;
- (e) Tinley and the Shareholder shall jointly and severally indemnify, hold harmless and defend the Escrow Agent, its partners, associates, officers, directors, employees and agents from and against any and all actions, causes of action, claims, demands, damages, losses, costs, liabilities and expenses, of any nature or kind including reasonable legal fees, which may be made or brought against it or which it may suffer or incur as a result of or in respect of or arising out of its appointment as Escrow Agent under this Agreement, except to the extent such is the result of its own bad faith, fraud, gross negligence or wilful misconduct;
- (f) the Escrow Agent may employ or retain such counsel who may but need not be counsel for any parties hereto and such other experts, advisors, agents or agencies as it may in its discretion require for the purpose of discharging its duties under this Agreement, and the Escrow Agent shall be fully protected in acting or not acting in good faith and without negligence on the opinion or advice or on information obtained from any such parties and shall not be responsible for any

misconduct or negligent actions on the part of any of them. The reasonable costs of such services shall be added to and be part of the Escrow Agent's fees under this Agreement;

- (g) no provision of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur financial liability in the performance of its duties or in the exercise of any of its rights or powers;
- (h) any account to be opened by or interest to be held by the Escrow Agent in connection with this Agreement, for or to the credit of any Party, either: (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such Party hereto agrees to complete and execute forthwith a declaration in the Escrow Agent's prescribed form as to the particulars of such third party;
- (i) except in strict compliance with the terms and conditions of this Agreement, the Escrow Agent shall not, without the prior written consent of Tinley and the Shareholder:
  - (i) sell, assign, transfer (including, granting all or any part of the economic benefit attached to the Escrowed Shares), exchange or otherwise dispose of the Escrowed Shares;
  - (ii) create, assume or suffer to exist any Encumbrance upon the Escrowed Shares; or
  - (iii) cause any other Person to do any of the acts contemplated by Section 13(i)(i) or 13(i)(ii); and
- (j) the Escrow Agent may resign as escrow agent upon 10 days written notice to Tinley and the Shareholder. If a successor escrow agent is not appointed by Tinley and the Shareholder within this 10 day period, the Escrow Agent may, but shall have no duty to, petition the court to name a successor. If no successor escrow agent is appointed by Tinley and the Shareholder by written notice to the Escrow Agent within the 10 day period, the Escrow Agent shall have no further duties or obligations whatsoever upon the expiration of such period until such time as a successor escrow agent is appointed and, at such time, upon payment of all its outstanding fees and expenses, the sole duty of the Escrow Agent shall be to deliver the Escrowed Shares, as applicable, all records and statements and an explanation of any activity shown in the records and statements with reasonable particularity to the successor escrow agent.

## **12. Escrow Agent Not Bound to Act**

The Escrow Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any reason whatsoever, the Escrow Agent, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Escrow Agent, in its sole judgment, determine at any time that acting under this Agreement has resulted in its

being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' written notice to Tinley and the Shareholder in accordance with this Section 12, provided that:

- (a) the Escrow Agent's written notice shall describe the circumstances of such non-compliance or possible non-compliance; and
- (b) if such circumstances are rectified within such 10 day period, such resignation shall not be effective.

### **13. Notice**

Any notice, consent or approval required or permitted to be given in connection with this Agreement (in this Section referred to as a "**Notice**") shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by facsimile or e-mail:

- (a) in the case of a Notice to Tinley, at:

The Tinley Beverage Company Inc.  
77 King Street West, Suite 2905  
Toronto, Ontario M5K 1H1  
Attention: Chief Executive Officer  
E-mail: [jeff@drinktinley.com](mailto:jeff@drinktinley.com)

- (b) in the case of a Notice to the Shareholder, at:

Jeffrey Pencer  
519 Old Orchard Grove  
Toronto, Ontario  
M5M 2G3  
[Jeff.pencer@rogers.com](mailto:Jeff.pencer@rogers.com)

- (c) in the case of a Notice to the Escrow Agent at:

Fogler, Rubinoff LLP  
77 King Street West, Suite 3000  
Toronto, ON M5K 1G8  
  
Attention: Adam Szweras  
Fax: (416) 941-8852  
E-mail: [aszweras@foglery.com](mailto:aszweras@foglery.com)

Any Notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the Notice is delivered or transmitted after 5:00 p.m. local time or if such day is not



a Business Day then the Notice shall be deemed to have been given and received on the next Business Day.

Any Party may, from time to time, change its address by giving Notice to the other Parties in accordance with the provisions of this Section 13.

#### **14. Not a Trustee**

The Escrow Agent accepts its duties and responsibilities under this Agreement, as agent for the Escrowed Shares solely as custodian, bailee and agent. The Parties acknowledge and agree that no trust is intended to be, or is or will be, created by this Agreement and the Escrow Agent shall owe no duties under this agreement as a trustee.

#### **15. Privacy**

The Parties acknowledge that the Escrow Agent may, in the course of providing services under this Agreement, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

- (a) to provide the services required under this Agreement and other services that may be requested from time to time;
- (b) to help the Escrow Agent manage its servicing relationships with such individuals; and
- (c) to meet the Escrow Agent's legal and regulatory requirements.

Each Party acknowledges and agrees that the Escrow Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of this Agreement for the purposes described above and, generally, in the manner and on the terms described in its privacy code. Further, each Party agrees that it shall not provide or cause to be provided to the Escrow Agent any personal information relating to an individual who is not a party to this Agreement unless that Party has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

#### **16. Further Assurances**

Each of the Parties shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as any other Party may reasonably require from time to time after the date hereof for the purpose of giving effect to this Agreement and the Consulting Agreement.

#### **17. No Waiver**

No failure or delay on the part of any Party in exercising any right, power or remedy provided in this Agreement may be, or may be deemed to be, a waiver thereof; nor any single or partial exercise of any right, power or remedy preclude any other or further exercise of such right, power or remedy or any other right, power or remedy.

**18. Amendments**

This Agreement may be amended by and upon written notice to the Escrow Agent at any time given jointly by Tinley and the Shareholder, but the duties and responsibilities of the Escrow Agent shall not be increased and the indemnities of the Escrow Agent shall not be decreased without the written consent of the Escrow Agent. No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any Party, shall be binding unless executed in writing by the Party to be bound.

**19. Enurement**

This Agreement enures to the benefit of and is binding upon the Parties and their respective heirs, attorneys, guardians, estate trustees, executors, trustees, successors (including any successor by reason of amalgamation of any Party) and permitted assigns. Any trustee in bankruptcy or receiver with respect to a Party shall have no greater rights under this Agreement to the Escrowed Shares than such Party.

**20. Execution and Delivery**

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile and all such counterparts and facsimiles shall together constitute one and the same agreement.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

