

SHAREHOLDER AGREEMENT

1301872 B.C. LTD.

APRIL 26, 2021

THIS AGREEMENT is dated April 26, 2021

B E T W E E N :

LOBE SCIENCES LTD. a corporation incorporated under the laws of British Columbia (including any successor thereto or permitted assign, "**Lobe**")

- and -

VIRTUAL PSYCHEDELICS INCORPORATED, a corporation incorporated under the laws of Ontario (including any successor thereto or permitted assign, "**VPI**")

- and -

1301872 B.C. LTD., a company incorporated under the laws of British Columbia (the "**Company**")

CONTEXT:

- A.** The Company was incorporated under the Act on April 23, 2021.
- B.** Upon the Effective Date, the Shareholders will together legally and beneficially own all of the issued and outstanding shares of the Company.
- C.** Each of the VPI Principals have entered into assignments of intellectual property rights agreements in favour of the Company on the Effective Date.
- D.** The Shareholders wish to set out their agreement governing their respective investments in the Company.

THEREFORE, the Parties agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Agreement, in addition to the terms defined elsewhere in this Agreement, the following terms have the following meanings:

- 1.1.1 "**Acceptance Notice**" is defined in Section 4.5.2.
- 1.1.2 "**Acceptance Period**" is defined in Section 4.5.2.
- 1.1.3 "**Accepting Shareholders**" is defined in Section 6.5.
- 1.1.4 "**Act**" means the *Business Corporations Act* (British Columbia).
- 1.1.5 "**Affiliate**" means an affiliate as that term is defined in the Act.

- 1.1.6 “**Agreement**” means this agreement, including all Schedules and Exhibits, as it may be amended, confirmed, supplemented or restated by written agreement between the Parties.
- 1.1.7 “**Applicable Legislation**” means the *Family Law Act* (British Columbia), the *Wills, Estates and Succession Act* (British Columbia), the *Divorce Act* (Canada) and any other law of the Province of British Columbia or of any other jurisdiction that will in any way, directly or indirectly, affect, encumber or interfere with the Company or with a Party’s interest in any Shares or in any shares in a Holding Company.
- 1.1.8 “**Approved Annual Budget**” means an operating and capital budget in respect of the Company for the applicable financial year of the Company giving regard to the strategic direction of the Business as determined by the Board with due consideration of the input of Management from time to time.
- 1.1.9 “**Arbitration Act**” is defined in Section 11.1.
- 1.1.10 “**Arbitration Parties**” is defined in Section 11.1.2.
- 1.1.11 “**Arbitrator**” is defined in Section 11.1.
- 1.1.12 “**Arm’s Length**” means arm’s length as that term is interpreted in connection with its use in the ITA.
- 1.1.13 “**Asset Sale Transaction**” is defined in Section 6.7.1.
- 1.1.14 “**Associated Corporation**” means, in relation to the Company, an associated corporation as that term is defined in the Act.
- 1.1.15 “**Attorney**” is defined in Section 7.1.1.
- 1.1.16 “**Auditors**” means the accounting firm appointed by the Board which provides the services of a chartered business valuator.
- 1.1.17 “**Board**” means the Company’s board of directors.
- 1.1.18 “**Business**” means the business of the Company, being to design, build and sell a state of the art capsule to assist in creating an immersive experience optimizing set, setting and the overall experience, and such other business as may subsequently be unanimously approved by Lobe and VPI in writing.
- 1.1.19 “**Business Day**” means any day excluding a Saturday, Sunday or statutory holiday in the Province of British Columbia, and also excluding any day on which the principal chartered banks located in the City of Vancouver are not open for business during normal banking hours
- 1.1.20 “**Buyer**” is defined in Section 9.1.2.1.
- 1.1.21 “**Closing Time**” is defined in Section 9.1.2.2.
- 1.1.22 “**Co-Sale Notice**” is defined in Section 6.4.1.
- 1.1.23 “**Co-Sale Right**” is defined in Section 6.4.

- 1.1.24 “**Co-Sale Shares**” is defined in Section 6.4.5.
- 1.1.25 “**Communication**” means any notice, demand, request, consent, approval or other communication that is required or permitted by this Agreement to be given or made by a Party.
- 1.1.26 “**Company**” is defined in the recital of the Parties above.
- 1.1.27 “**Compelled Shareholders**” is defined in Section 6.5.
- 1.1.28 “**Compelled Shares**” is defined in Section 6.5.
- 1.1.29 “**Competitive Core Business**” is defined in Section 13.1.
- 1.1.30 “**Confidential Information**” means any information relating to the Company or any Subsidiary, whether communicated in written form, orally, visually, demonstratively, technically or by any other electronic form or other media, or committed to memory, and whether or not designated, marked, labelled or identified as confidential or proprietary, including:
- 1.1.30.1 Personal Information; and
- 1.1.30.2 all analyses, compilations, records, data, reports, correspondence, memoranda, specifications, materials, applications, patents, licenses, manufacturing processes, know-how, trade secrets, inventions, software, computer programs, technical data, studies, budgets, forecasts, reports, studies, derivative works, reproductions, copies, extracts, summaries, suppliers or customers lists or other documents containing or based upon or derived from, in whole or in part, any of the information listed above in this Section 1.1.30,
- but excluding information, other than Personal Information, that a Party can demonstrate:
- 1.1.30.3 is generally available to or known by the public other than as a result of improper disclosure by a Party or any of its Representatives; or
- 1.1.30.4 is or was obtained by that Party from a source other than the Company or any of its Representatives, any other Party or any of its Representatives, or anyone bound by a duty of confidentiality to the Company or any Party.
- 1.1.31 “**Control**” means, with respect to any corporate entity, the ownership at the relevant time of securities carrying more than 50% of the exercisable voting rights attached to all outstanding securities of that entity, other than by way of security only, if the votes carried by those securities are sufficient to elect a majority of that entity’s board of directors or otherwise provide for effective control of that entity, and “**Controlled by**” and similar words have corresponding meanings.
- 1.1.32 “**Deadlock**” is defined in Section 10.1.
- 1.1.33 “**Deficit**” is defined in Section 4.6.
- 1.1.34 “**Delinquent Holder**” is defined in Section 6.6.3.
- 1.1.35 “**Disability**” means the mental or physical state of an individual such that:

- 1.1.35.1 the Board, excluding, if applicable, that individual, determines that that individual is, due to illness, disease, mental or physical disability or similar cause, incapable of managing that individual's property, for any consecutive three-month period or for any period of six months (whether or not consecutive) in any consecutive 12-month period;
- 1.1.35.2 a court of competent jurisdiction has declared that individual to be incapable of managing that individual's property; or
- 1.1.35.3 a representative under a representation agreement, an attorney under an enduring or continuing power of attorney for personal care, or any other individual given the power to do so under a similar instrument, begins to manage the affairs of that individual,

and an individual subject to a Disability is "**Disabled**".

- 1.1.36 "**Dispute**" is defined in Section 11.1.
- 1.1.37 "**Drag-Along Offer**" is defined in Section 6.6.1.1.
- 1.1.38 "**Effective Date**" means the date on which the contribution of the Lobe Shares and Lobe Cash is completed pursuant to Section 4.2.
- 1.1.39 "**Electing Shareholder**" is defined in Section 6.3.2.
- 1.1.40 "**Eligible Party**" means an eligible party as that term is defined in the Act, and includes an individual to whom some or all of the powers of the directors of the Company have been transferred under section 137 of the Act.
- 1.1.41 "**Eligible Penalty**" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an Eligible Proceeding.
- 1.1.42 "**Eligible Proceeding**" means any legal proceeding or investigative action, whether current, threatened, pending or completed, in which an Eligible Party or any of the heirs and personal or other legal representatives of an Eligible Party:
 - 1.1.42.1 is or may be joined as a party; or
 - 1.1.42.2 is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, that legal proceeding or investigative action,by reason of the Eligible Party being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, the Company or any Associated Corporation, and includes any action to establish a right to indemnification under this Agreement.
- 1.1.43 "**EPOA**" is defined in Section 9.7.2.
- 1.1.44 "**Exercise Notice**" is defined in Section 6.8.3.2.
- 1.1.45 "**Exercise Period**" is defined in Section 6.8.3.1.
- 1.1.46 "**Fair Value**" is defined in Section 8.1.

- 1.1.47 “**Fundamental Issue**” means the matters listed in Section 5.5.
- 1.1.48 “**Governmental Authority**” means:
- 1.1.48.1 any federal, provincial, state, local, municipal, regional, territorial, aboriginal, or other government, governmental or public department, branch, ministry, or court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory or taxing authority or power of any nature; and
- 1.1.48.2 any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them.
- 1.1.49 “**Grantor**” is defined in Section 7.1.1.
- 1.1.50 “**Grantor Shares**” is defined in Section 7.1.1.
- 1.1.51 “**Holding Company**” is defined in Section 2.3.
- 1.1.52 “**Hold Period**” is defined in Section 4.1.
- 1.1.53 “**Indemnification Expenses**” includes costs, charges and expenses, including legal and other fees, actually and reasonably incurred in respect of an Eligible Proceeding, but does not include Eligible Penalties.
- 1.1.54 “**ITA**” means the *Income Tax Act* (Canada).
- 1.1.55 “**Lobe**” is defined in the recital of the Parties above.
- 1.1.56 “**Lobe Cash**” means ~~500,000~~ paid by Lobe to the Company as partial consideration for the Shares issued to Lobe at the Effective Date.
- 1.1.57 “**Lobe Shares**” means the common shares of Lobe issued to the Company (at a deemed price of CAD\$0.20 per common share) as partial consideration for the Shares issued to Lobe at the Effective Date.
- 1.1.58 “**Lobe Warrants**” means warrants to purchase up to 150,000 common shares in the capital of Lobe, issued to each of the VPI Principals as contemplated in Section 4.3.
- 1.1.59 “**LOC**” is defined in Section 4.6.
- 1.1.60 “**Management**” means the key executives and senior officers of the Company, including the Chief Executive Officer and the Chief Financial Officer.
- 1.1.61 “**Material Contract**” means in respect of the Company or any Subsidiary, any contract:
- (a) the termination of which, or under which the loss of rights, would or would reasonably be expected to have a material and adverse effect on the business, condition (financial or otherwise), properties, assets (tangible or intangible), liabilities (contingent or otherwise), capitalization, operations, prospects or results of operations of the Company or any of its Subsidiaries;

- (b) that involves or may result in the payment of money or money's worth by or to the Company or any of its Subsidiaries in an amount in excess of ~~\$25,000~~, unless such amount has been included in the Approved Annual Budget;
- (c) that relates to indebtedness for borrowed money, or the guarantee of any liabilities or obligations, in excess of , unless such amount has been included in the Approved Annual Budget;
- (d) that provides for the purchase, sale or exchange of, or an option to purchase, sell or exchange, any property or asset at a price, or with a value, that exceeds ~~\$25,000~~, unless such amount has been included in the Approved Annual Budget;
- (e) that contains any non-competition or non-solicitation obligation or restricts the ability of the Company or any of its Subsidiaries to engage in any line of business or to carry on business in any geographic territory;
- (f) that relates to any joint venture, strategic alliance, partnership, sharing of profits or revenue or similar arrangement;
- (g) that has an unexpired term of more than two years (including renewals); or
- (h) that is otherwise material to the Company or any of its Subsidiaries;

1.1.62 **"Mediation"** is defined in Section 10.2.

1.1.63 **"New Shares"** is defined in Section 4.5.

1.1.64 **"New Shares Notice"** is defined in Section 4.5.1.

1.1.65 **"Offer"** is defined in Section 6.3.

1.1.66 **"Offer Acceptance Period"** is defined in Section 6.3.2.

1.1.67 **"Offered Shares"** is defined in Section 6.3.

1.1.68 **"Offeror"** is defined in Section 6.3.

1.1.69 **"Participating Shareholder"** is defined in Section 4.5.2.

1.1.70 **"Participation Agreement"** means an agreement substantially in the form attached as Exhibit 1.1.7065, modified as necessary to account for the legal nature of the third party who is to sign it, and otherwise modified upon the recommendation of counsel to the Company.

1.1.71 **"Party"** means a party to this Agreement.

1.1.72 **"Permitted Transferee"** means, in relation to a Transferor:

1.1.72.1 any corporate entity that is Controlled by the Transferor; and

1.1.72.2 any Spouse of the Transferor.

1.1.73 **"Person"** will be broadly interpreted and includes:

- 1.1.73.1 a natural person, whether acting in their own capacity, or in their capacity as executor, trustee, administrator or legal representative, and the heirs, executors, administrators or other personal or legal representatives of a natural person;
 - 1.1.73.2 a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and
 - 1.1.73.3 a Governmental Authority.
- 1.1.74 **“Personal Information”** means information relating to identifiable individuals.
 - 1.1.75 **“Power of Attorney”** is defined in Section 7.1.1.
 - 1.1.76 **“Principal”** means a natural person who Controls a Shareholder that is a corporate entity, excluding for greater certainty the VPI Principals.
 - 1.1.77 **“Proposed Transferee”** is defined in Section 6.3.
 - 1.1.78 **“Purchase Option”** is defined in Section 6.8.3.
 - 1.1.79 **“Purchase Price”** is defined in Section 9.1.2.3.
 - 1.1.80 **“Purchased Shares”** is defined in Section 9.1.2.4.
 - 1.1.81 **“Remaining Shareholders”** is defined in Section 6.3.
 - 1.1.82 **“Remaining Shares”** is defined in Section 6.3.4.
 - 1.1.83 **“Representatives”** means the Affiliates of a Party, and the advisors, agents, consultants, directors, officers, management, employees, subcontractors, and other representatives, including accountants, auditors, financial advisors, lenders and lawyers, of a Party and of that Party’s Affiliates.
 - 1.1.84 **“Residual Shareholders”** is defined in Section 4.5.3.
 - 1.1.85 **“Residual Shares”** is defined in Section 4.5.3.
 - 1.1.86 **“Sale Notice”** is defined in Section 6.3.1.
 - 1.1.87 **“Sale Transaction”** is defined in Section 9.1.2.5.
 - 1.1.88 **“Second Round Offerees”** is defined in Section 6.3.4.
 - 1.1.89 **“Seller”** is defined in Section 9.1.2.6.
 - 1.1.90 **“Seller Group”** is defined in Section 9.1.2.7.
 - 1.1.91 **“Shareholder”** means a Party holding Shares.
 - 1.1.92 **“Shareholder Debt”** means all present and future indebtedness owing by the Company to the Shareholders.

- 1.1.93 “**Shares**” means the shares, of any class, of the Company issued and outstanding at the relevant time.
- 1.1.94 “**Spouse**” means an individual who:
- 1.1.94.1 is married to the Transferor and is not living separate and apart within the meaning of the *Divorce Act* (Canada) from the Transferor;
 - 1.1.94.2 is living with the Transferor in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender; or
 - 1.1.94.3 in Alberta, is an individual referred to in Section 1.1.94.1 or 1.1.94.2, or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta).
- 1.1.95 “**Subsidiary**” means a subsidiary of the Company, as defined in the Act.
- 1.1.96 “**Tax**” means all taxes, duties, fees, premiums, assessments, imposts, levies, rates, withholdings, dues, government contributions and other charges of any kind, whether direct or indirect, together with all interest, penalties, fines, additions to tax or other additional amounts, imposed by any Governmental Authority.
- 1.1.97 “**Territory**” means North America and Europe.
- 1.1.98 “**Transfer**” means any sale or other arrangement by which legal title or beneficial ownership passes or may pass from one Person to another, or to the same Person in a different capacity, whether or not voluntary and whether or not for value, and includes the creation of a pledge, and the creation of any encumbrance, as well as any direct or indirect monetization of value, income stream or other economic benefit associated with a Share (with or without any elements of control that may otherwise be associated with a sale) such that a Shareholder has ceased to have a direct interest in the economic performance of the Company.
- 1.1.99 “**Transferor**” is defined in Section 6.2.1.
- 1.1.100 “**Triggered Shareholder**” is defined in Section 6.8.1.
- 1.1.101 “**Triggered Shares**” is defined in Section 6.8.3.
- 1.1.102 “**Triggering Event**” is defined in Section 6.8.1.
- 1.1.103 “**Voting Nominee**” is defined in Section 6.7.1.
- 1.1.104 “**VPI**” is defined in the recital of the Parties above.
- 1.1.105 “**VPI Principals**” means, collectively, each of Brett Leonard, Josh Shore, Albert Rizzo and William Alfonso, in each case, for so long as each such individual is a securityholder of VPI, and the term “**VPI Principal**” means any one of them.

1.2 Certain Rules of Interpretation

1.2.1 **Gender, etc.** In this Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the words “including” or “includes” in this Agreement is to be construed as meaning “including, without limitation” or “includes, without limitation”, respectively.

1.2.2 **Division and Headings.** The division of this Agreement into Articles and Sections, the insertion of headings and the inclusion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Agreement.

1.2.3 **Articles, Sections, etc.** References in this Agreement to an Article, Section, Schedule or Exhibit are to be construed as references to an Article, Section, Schedule or Exhibit of or to this Agreement unless otherwise specified.

1.2.4 **Time Periods.** Unless otherwise specified in this Agreement, time periods within which or following which any calculation or payment is to be made, or action is to be taken, will be calculated by excluding the day on which the period begins and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period will end on the next Business Day.

1.2.5 **Statutory Instruments.** Unless otherwise specified, any reference in this Agreement to any statute includes all regulations and subordinate legislation made under or in connection with that statute at any time, and is to be construed as a reference to that statute as amended, modified, restated, supplemented, extended, re-enacted, replaced or superseded at any time.

1.3 Governing Law

This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable in that province.

1.4 Entire Agreement

This Agreement, together with, if applicable, the Participation Agreements and any other agreements and documents to be delivered under this Agreement, constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no representations, warranties or other agreements between the Parties, express or implied, in connection with the subject matter of this Agreement except as specifically set out in this Agreement or, if applicable, in the Participation Agreements or in any other agreements and documents delivered under this Agreement. No Party has been induced to enter into this Agreement in reliance on, and there will be no liability assessed, either in tort or contract, with respect to, any warranty, representation, opinion, advice or assertion of fact, except to the extent it has been reduced to writing and included as a term in this Agreement or, if applicable, in the Participation Agreements or in any other agreements and documents delivered under this Agreement.

1.5 Business Day

Whenever any calculation or payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, the calculation or payment is to be made or action is to be taken on the next Business Day.

1.6 Payment and Currency

Any money to be advanced, paid or tendered by one Party to another under this Agreement must be advanced, paid or tendered by bank draft, certified cheque or wire transfer of immediately available funds payable to the Person to whom the amount is due. Unless otherwise specified, the word “dollar” and the “\$” sign refer to the United States Dollar (USD), and all amounts to be advanced, paid, tendered or calculated under this Agreement are to be advanced, paid, tendered or calculated in United States currency.

1.7 Schedules and Exhibits

The following is a list of schedules and exhibits:

Exhibit	Subject Matter
Exhibit 1.1.70	Participation Agreement

ARTICLE 2 SCOPE AND EFFECTIVENESS

2.1 Shareholders to Facilitate Transfers

Each of Lobe and VPI will give and execute all necessary consents and approvals to a Transfer of Shares that is permitted under this Agreement as soon as the relevant provisions of this Agreement relating to that Transfer have been complied with.

2.2 Compliance—Shareholders

Each of the Shareholders:

- 2.2.1 will vote and act as a shareholder and in all other respects make its best efforts and take all steps as may reasonably be within its power to cause the Company to comply with and act in a manner contemplated by this Agreement, and to implement to their full extent the provisions of this Agreement; and
- 2.2.2 to the maximum extent permitted by applicable law, will cause its nominee or nominees as directors of the Company to act accordingly.

If any director who is a nominee of Lobe or VPI for any reason refuses to exercise that director’s discretion in accordance with the terms of this Agreement in relation to any matter or action expressly contemplated by this Agreement, to the maximum extent permitted by applicable law, that Shareholder will make its best efforts and take all steps as may reasonably be within its power to remove that director

and nominate another in that director's place, and the other Parties will take all necessary steps to assist with that action.

2.3 Compliance—Principals

Each VPI Principal (in respect of VPI) and each other Principal (in respect of any corporate Shareholder that it Controls, referred to as a "**Holding Company**") that subsequently becomes bound by the provisions hereof, will make its best efforts and take all steps as may reasonably be within its power to cause VPI or the applicable Holding Company to comply with and act in a manner contemplated by this Agreement, and to implement to their full extent the provisions of this Agreement.

2.4 Company to be Bound

The Company will carry out and be bound by the provisions of this Agreement to the maximum extent permitted by applicable law, but despite anything contained in this Agreement, the Company will conduct the Business in compliance with all applicable law. With respect to any matters that relate to a Subsidiary, the Company will vote and act as a shareholder and in all other respects make its best efforts and take all steps as may reasonably be within its power to cause the Subsidiary to comply with and act in a manner contemplated by this Agreement, and to implement to their full extent the provisions of this Agreement.

2.5 This Agreement to Prevail

In case of any inconsistency between the provisions of Article 5 (*Directors and Shareholders*) and the Company's articles, this Agreement will prevail, subject always to compliance with the Act, and the Parties will take all steps as may be required or desirable to conform the conflicting or inconsistent provisions of the articles of the Company to this Agreement.

2.6 Participation Agreement

Despite any other provision in this Agreement, the Company will not issue shares to any Person that has not already executed and delivered this Agreement unless, and no Transfer of Shares to any Person that has not already executed and delivered this Agreement will be effective until, in each case, that Person (and, if applicable, the natural person who Controls that Person) executes and delivers to the Company a Participation Agreement, and any other documentation in form and substance as legal counsel to the Company may require.

2.7 Application of Agreement

This Agreement will apply, with the necessary changes, to:

- 2.7.1 any shares of the Company resulting from the conversion, exchange, reclassification, redesignation, subdivision, consolidation or other change of Shares; and
- 2.7.2 any shares of the Company, or any successor or other body corporate, that may be received by the holders of Shares on an amalgamation, continuance, merger, consolidation, plan of arrangement or other reorganization (statutory or otherwise) of or involving the Company.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Individual Shareholders

Each Shareholder that is a natural person severally represents and warrants in favour of all other Parties as follows:

- 3.1.1 that individual has duly executed and delivered this Agreement, and this Agreement constitutes a legal, valid and binding obligation enforceable against that individual in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies, such as specific performance and injunction, are discretionary remedies;
- 3.1.2 the execution and delivery by that individual of this Agreement, and the performance of that individual's obligations under this Agreement, do not and will not breach or result in a default under any contract or covenant by which that individual is bound;
- 3.1.3 that individual is not a non-resident of Canada within the meaning of the ITA;
- 3.1.4 that individual has good and marketable title to the Shares owned by that individual free and clear of all encumbrances and rights of other Persons; and
- 3.1.5 no Person has any agreement or option or any right or privilege (whether by law, pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase of any of the Shares owned by that individual, other than as provided for in this Agreement.

3.2 Representations and Warranties of Corporate Shareholders

Each Shareholder that is a body corporate severally represents and warrants in favour of all other Parties as follows:

- 3.2.1 it is a company or corporation duly incorporated or amalgamated or continued, and existing, under the laws of the jurisdiction of its incorporation, amalgamation or continuance, and has all necessary corporate power and capacity to enter into and perform its obligations under this Agreement;
- 3.2.2 it has taken all necessary corporate action to authorize the execution and delivery by it of, and the performance of its obligations under, this Agreement;
- 3.2.3 it has duly executed and delivered this Agreement, and this Agreement constitutes a legal, valid and binding obligation enforceable against it in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies, such as specific performance and injunction, are discretionary remedies;
- 3.2.4 no authorization, consent, permit or approval of, exemption or other action by, filing with, or notice to, any Governmental Authority is required in connection with the execution and delivery by it of this Agreement or the performance of its obligations under this Agreement;

- 3.2.5 the execution and delivery by it of this Agreement, and the performance of its obligations under this Agreement, do not and will not breach or result in a default under:
- 3.2.5.1 any of its constating documents;
 - 3.2.5.2 any law, statute or regulation to which it is subject; or
 - 3.2.5.3 any contract or covenant by which it is bound;
- 3.2.6 it is not a non-resident of Canada within the meaning of the ITA;
- 3.2.7 it has (or will have upon the issuance thereof) good and marketable title to the Shares owned by it free and clear of all encumbrances and rights of other Persons; and
- 3.2.8 no Person has any agreement or option or any right or privilege (whether by law, pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase of any of the Shares owned or to be owned by it, other than as provided for in this Agreement.

3.3 Representations and Warranties of Principals

Each VPI Principal (in respect of VPI) and each Principal of a Holding Company that subsequently becomes bound by the provisions hereof severally represents and warrants in favour of all other Parties as follows:

- 3.3.1 that individual has duly executed and delivered this Agreement, and this Agreement constitutes a legal, valid and binding obligation enforceable against that individual in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies, such as specific performance and injunction, are discretionary remedies;
- 3.3.2 the execution and delivery by that individual of this Agreement, and the performance of that individual's obligations under this Agreement, do not and will not breach or result in a default under any contract or covenant by which that individual is bound; and
- 3.3.3 other than in the case of the VPI Principals, that individual Controls that individual's related corporate Shareholder.

3.4 Representations and Warranties of the Company

The Company represents and warrants in favour of all other Parties as follows:

- 3.4.1 it is a company duly incorporated and existing under the laws of British Columbia, and has all necessary corporate power and capacity to enter into and perform its obligations under this Agreement;
- 3.4.2 it has taken all necessary corporate action to authorize the execution and delivery by it of, and the performance of its obligations under, this Agreement;
- 3.4.3 it has duly executed and delivered this Agreement, and this Agreement constitutes a legal, valid and binding obligation enforceable against it in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar laws

generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies, such as specific performance and injunction, are discretionary remedies;

3.4.4 no authorization, consent, permit or approval of, exemption or other action by, filing with, or notice to, any Governmental Authority is required in connection with the execution and delivery by it of this Agreement or the performance of its obligations under this Agreement;

3.4.5 the execution and delivery by it of this Agreement, and the performance of its obligations under this Agreement, do not and will not breach or result in a default under:

3.4.5.1 any of its constating documents;

3.4.5.2 any law, statute or regulation to which it is subject; or

3.4.5.3 any contract or covenant by which it is bound;

3.4.6 the authorized share structure of the Company consists of an unlimited number of common shares, of which only the Shares listed in Section 4.1 (*Equity Investment*) are, or will be, issued and outstanding on the Effective Date; and

3.4.7 no Person has any agreement or option or any right or privilege (whether by law, pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase of any unissued shares in the Company, other than as provided for in this Agreement.

3.5 Representations and Warranties Continuously Given

All representations and warranties of the Parties contained in this Agreement are deemed to be continuously given during the term of this Agreement, with the exception that the Company's representations and warranties in Section 3.4.6 and Section 3.4.7 are given only as at the Effective Date.

ARTICLE 4 CHANGE OF NAME; FINANCIAL PARTICIPATION IN THE COMPANY

4.1 Change of Name

As soon as practicable on or following the Effective Date, the Parties agree to take such steps as may be required in order to change the name of the Company pursuant to the Act to "Krysalis VX Corp." or, if that name is unacceptable to the relevant governmental authority, "Krysalis VX Innovations Corp." or, if either of those names are unacceptable to the relevant governmental authority, to such other name as may be unanimously agreed by the Shareholders.

4.2 Lobe Covenant to Advance Lobe Shares and Lobe Cash

Lobe covenants and agrees in favour of the other Parties that it will issue the Lobe Shares in the name of the Company and will advance the Lobe Cash to the Company as soon as practicable on or after the date hereof, in consideration of the issuance by the Company to Lobe of the 10,000 common shares of the Company described in Section 4.4.

4.3 Lobe Covenant to Issue Lobe Warrants

Lobe covenants and agrees in favour of the VPI Principals that it will, concurrently with the issuance of the Lobe Shares contemplated in Section 4.2, issue the Lobe Warrants to each of the VPI Principals; provided that such VPI Principals shall have executed in favour of Lobe such representations, certifications and acknowledgements as it may require (acting reasonably) in order to issue the Lobe Warrants (and the common shares underlying the Lobe Warrants) on a “private placement” basis, in reliance on exemptions from prospectus and/or registration requirements of applicable securities laws.

4.4 Equity Investment and Consideration Paid or to be Paid

As at the Effective Date, the respective investments of the Shareholders in the Company will be as follows:

Name	Number and class of Shares	Consideration Paid
Lobe	10,000 common shares	Lobe Cash and ██████████ Lobe Shares
VPI	10,000 common shares	██████████ (prior to Effective Date)

With respect to the Lobe Shares, a statutory hold period of four months and one day from the date of issuance (the “**Hold Period**”) will apply. In respect of any sales by the Company of Lobe Shares, the Company will be required to ensure the proceeds of any such sale(s) on any particular date represent no more than the greater of (i) \$20,000, and (ii) 10% of the volume of Lobe Shares traded on such date on the Canadian Securities Exchange (or on such other stock exchange as the Lobe Shares are then listed), unless the sale is a specifically arranged block sale of shares.

4.5 Pre-Emptive Rights

Unless otherwise unanimously approved by the Board, each Shareholder is entitled to purchase any new shares that the Company proposes to issue (the “**New Shares**”) in accordance with the following procedure:

- 4.5.1 **New Shares Notice.** The Company must give notice in writing to all of the Shareholders advising them of the number and class of New Shares proposed to be issued, and the price, terms and conditions of the New Shares (the “**New Shares Notice**”).
- 4.5.2 **Acceptance Notice.** Each Shareholder will have seven Business Days after receipt of the New Shares Notice (the “**Acceptance Period**”) within which to give the Company written notice of its intention to purchase New Shares on the terms and conditions set out in the New Shares Notice (the “**Acceptance Notice**”). If any Shareholder fails to deliver an Acceptance Notice as provided in this Section 4.5.2, it will be deemed to have declined the right to purchase New Shares. A Shareholder delivering an Acceptance Notice (a “**Participating Shareholder**”) will specify in the Acceptance Notice the maximum number of New Shares that it wishes to purchase, which may be more or less than its pro rata portion.
- 4.5.3 **Allocation of Shares.** Each Participating Shareholder will initially be allocated its pro rata portion of the New Shares (calculated on the number of Shares held as of the date of the

New Shares Notice by the Participating Shareholders as between themselves) or any lesser amount specified in its Acceptance Notice. After that initial allocation, if any of the New Shares remain unallocated (the “**Residual Shares**”) and there are Participating Shareholders with unsatisfied claims (the “**Residual Shareholders**”), the Residual Shares will be allocated among the Residual Shareholders as follows:

4.5.3.1 as may be agreed by the Residual Shareholders; or

4.5.3.2 failing an agreement, each of the Residual Shareholders will be allocated its pro rata portion of the Residual Shares (calculated on the number of Shares held as of the date of the New Shares Notice by the Residual Shareholders as between themselves), in successive rounds, if necessary, to fully divide those Residual Shares among them, provided that no Residual Shareholder will be required to purchase more than the maximum number of New Shares specified in its Acceptance Notice.

4.5.4 **Closing Date.** The transaction of purchase and sale contemplated by the New Shares Notice will be completed by each Participating Shareholder no later than five Business Days after the expiry of the Acceptance Period.

4.5.5 **Remaining Residual Shares.** Subject to the prior written consent of the Shareholders, any New Shares that are not allocated to Participating Shareholders may be sold by the Company, on the terms and conditions offered to the Shareholders, to any Person willing to buy them and acceptable to the Shareholders, provided that the sale is completed no later than 60 Business Days after the expiry of the Acceptance Period, after which the Company must again comply with this Section 4.5 if it wishes to issue new shares.

4.5.6 **Pre-Emptive Rights Do Not Apply.** The pre-emptive rights described in this Section 4.5 do not apply to any issue by the Company of shares:

4.5.6.1 as a stock dividend to any Shareholder;

4.5.6.2 under an option or other right granted under any employee stock option plan instituted by the Company and approved in accordance with this Agreement; or

4.5.6.3 upon the exercise of any conversion right granted to a Shareholder.

4.6 Source of Funds

It is the intention of Lobe and VPI that the first \$1,500,000 of funds required by the Company for operation (the “**Deficit**”) will be funded by the aggregate of the Lobe Cash and the proceeds from the sale of Lobe Shares, with the remainder of the Deficit to be funded by Lobe through a secured line of credit on the terms acceptable to Lobe acting reasonably (the “**LOC**”). As a condition of the LOC, the Company will be required to provide evidence that it has plans to file/has filed provisional patents relating to the Business.

4.7 Debt Participation

4.7.1 If the Company requires additional funds after receiving the LOC from Lobe pursuant to Section 4.6 (*Source of Funds*), the Shareholders may advance to the Company upon terms agreed to under Section 4.7.2, upon written request by the Company under Section 5.5.8,

on a pro rata basis, calculated on the number of Shares held by the Shareholders, sufficient funds to enable the Company to raise the funds required by the Company, and those advances will form part of Shareholder Debt. For greater certainty, no Shareholder shall be required to fund the indebtedness of the Company or guarantee the indebtedness of the Company to any lender or to provide any other personal covenants or security for such indebtedness or to subordinate any claims that they may have against the Company to such indebtedness.

- 4.7.2 In consideration of the advance of Shareholder Debt under Section 4.7.1, the Company will issue to each Shareholder a promissory note in a principal amount equal to the funds advanced to the Company by that Shareholder with interest, repayment and other terms as agreed to at the time the advance is made. Any repayment of Shareholder Debt will be made to the Shareholders on a pro rata basis calculated on the principal amount of Shareholder Debt then owing to the Shareholders. The Company is not required to grant any security to secure Shareholder Debt, but if it does so, all Shareholders will rank *pari passu* with respect to that security.

ARTICLE 5 DIRECTORS, OFFICERS AND SHAREHOLDERS

5.1 Board of Directors, CEO and CFO

- 5.1.1 The Board will consist of four directors until otherwise approved unanimously by Lobe and VPI in compliance with the Act. As of the Effective Date, the Chief Executive Officer will be Josh Shore and the Chief Financial Officer will be Philip Young, appointed by VPI and Lobe, respectively. The Board will be entitled to appoint such other individuals as it considers appropriate to such officer positions of the Company as it may determine.
- 5.1.2 Each of Lobe and VPI will be entitled to have two nominees (or, if the Board then consists of a greater number of individuals, 50% of such Board positions) elected or appointed to the Board. Each nominee must be qualified under the Act to be a director.
- 5.1.3 Each Shareholder will vote at all applicable meetings of the Shareholders and act in all other respects in connection with all applicable corporate proceedings of the Company so as to ensure that the nominees provided for in this Section 5.1 are elected or appointed and maintained in office as directors of the Company. The directors of the Company at the Effective Date will be as follows:

Name of Director	Nominee of
Philip Young	Lobe
Jonathan Gilbert	Lobe
Billy Alfonso	VPI
Josh Shore	VPI

- 5.1.4 Each Shareholder entitled to a nominee may at any time, by written notice to the Company and to the other Shareholders, require the removal of the director nominated by it and the election or appointment of a successor nominee. Lobe, VPI or the Board will fill any vacancy occurring on the Board arising by reason of the death, disqualification, inability to act,

resignation or removal of any nominee director as soon as reasonably possible after that vacancy has occurred and the Shareholder entitled to that nominee has specified the successor nominee by notice in writing to the Company and to the other Shareholders.

- 5.1.5 Each of Lobe and VPI will, if it is no longer entitled to have a nominee elected or appointed to the Board, make its best efforts to deliver to the Company, as soon as practicable, the resignation of that nominee.
- 5.1.6 Unless otherwise unanimously agreed to by the Board, it will be a condition to the appointment of any new director, member of Management or key employee of the Company that such director, new member of Management or key employee enters into a non-competition agreement and an assignment of intellectual property rights agreement in favour of the Company on terms and conditions satisfactory to the Company.

5.2 Meetings of the Board

- 5.2.1 Subject to the terms of this Section 5.2.1, the presence of all directors then in office, will be required to constitute a quorum at any meeting of the Board. If a quorum is not present at the start of a meeting, the directors present may not transact any business, and those directors will be deemed to have adjourned that meeting to the same time and place five Business Days following the date on which the meeting was originally called. If a quorum is not present at the adjourned meeting because of the refusal, with no legitimate excuse, of one or more directors to attend, then the directors who are present will be deemed to constitute a quorum and, subject to Section 5.5 (*Matters Requiring Special Director Approval*), may transact all business that a full quorum may have transacted with respect to the matters set out in the notice and accompanying documentation provided to the directors in connection with the originally scheduled meeting.
- 5.2.2 Except for matters listed in Section 5.5 (*Matters Requiring Special Director Approval*) or as required by applicable law, all questions to be decided at any meeting of the Board will be decided by a simple majority of the directors on the Board present at the meeting.
- 5.2.3 Any director will have the right at any time to call a meeting of the Board on not less than two Business Days' notice in writing to the other directors.
- 5.2.4 Meetings of the Board will be held at least quarterly, unless the directors otherwise agree in writing and in any event as often as required given any exigencies arising relating to the Business or the Company. The Board will meet annually by no later than 15 days prior to the start of each fiscal year to consider and approve the Approved Annual Budget, the draft of which for the ensuing fiscal year will be prepared by Management and delivered to the Board by no later than the 25 days prior to the start of each fiscal year of the Company.
- 5.2.5 For the purposes of this Agreement, a director is considered to be present at a meeting of the Board if the director is present, or deemed under the Act to be present, at the meeting.

5.3 Board Expenses

The Company will reimburse all reasonable out-of-pocket expenses incurred by directors relating to meetings of the Board and Board committee meetings, including travel costs.

5.4 Management

Except as provided in Section 5.5 or as otherwise determined by the Board, the business and affairs of the Company shall be managed exclusively by its Management. The Management shall direct, manage, and control the business of the Company to the best of their abilities and, unless otherwise provided in this Agreement, shall have full and complete authority, power, and discretion to make any and all decisions and to do any and all things in the ordinary course of the Business that the Management shall deem to be reasonably required to accomplish the business and objectives of the Company in performing their duties under this Agreement, including without limitation, to execute on the Approved Annual Budget (allowing for aggregate variances in an amount equal to the greater of up to 5% of the total Approved Annual Budget, unless such variance limit is otherwise approved by the Board). Management shall act in good faith and in a manner that the Management reasonably believes to be in the best interests of the Company. Without limiting the generality of the foregoing, the Management shall have power and authority, on behalf of the Company:

- 5.4.1 to enter into contracts consistent with the purpose of the Company, including Material Contracts;
- 5.4.2 to purchase liability and other insurance to protect the Company's property and business;
- 5.4.3 to purchase, sell, hold and own any property, whether real and/or personal, and to lease such properties in the name of the Company;
- 5.4.4 to execute on behalf of the Company all instruments and documents, including, without limitation, checks, drafts, notes, and other negotiable instruments, documents providing for the acquisition or disposition of the Company's property, assignments, bills of sale, leases, partnership agreements, and any other instruments or documents necessary, in the opinion of Management, to the business of the Company;
- 5.4.5 to hire employees and to enter into contracts to employ accountants, legal counsel, managing agents, or other independent contractors to perform services for the Company and to compensate them from Company funds;
- 5.4.6 to make all decisions related to the development of intellectual property by the Business;
- 5.4.7 to enter into any and all other agreements on behalf of the Company with any other Person or entity for any purpose, in such forms as Management may approve; and
- 5.4.8 to do and perform all other lawful acts as may be necessary or appropriate to the conduct of the Company's business.

5.5 Matters Requiring Special Director Approval

In addition to any other approval or consent required by applicable law or by this Agreement, the Company (and any Subsidiary, as applicable) may not make a decision about, take action on, enter into any agreement or other commitment to effect, or implement any of the following without the approval or written consent of all the directors on the Board:

- 5.5.1 any amendment to the notice of articles and articles of the Company or any Subsidiary, except to resolve any conflict in favour of this Agreement;

- 5.5.2 amalgamate or merge with or into any other corporation or carry out any reorganization or arrangement or apply to be continued as a corporation under the laws of any jurisdiction, or change the location of its chief executive office or principal place of business;
- 5.5.3 approve, and approve any amendment or variation to, an Approved Annual Budget;
- 5.5.4 institute proceedings for a statutory plan of arrangement;
- 5.5.5 the issuance of any shares, or the issuance or granting of any rights, warrants or other agreements to purchase, acquire or otherwise obtain any unissued shares, of the Company or any Subsidiary;
- 5.5.6 the purchase, redemption or acquisition by the Company or any Subsidiary of any shares of the Company or any Subsidiary, other than a purchase of Shares under Section 6.8 (*Triggered Shareholders*) or Section 14.13 (*No Fractional Shares*);
- 5.5.7 the declaration or payment of any dividend or other distribution on or in respect of any class of shares of the Company or any Subsidiary;
- 5.5.8 the making, as well as the terms and conditions, of any written request by the Company for an advance of Shareholder Debt;
- 5.5.9 except as otherwise contemplated in an Approved Annual Budget, the creation, assumption or incurring of any indebtedness, other than Shareholder Debt, outside of the ordinary course of the Business by the Company or any Subsidiary in an amount exceeding \$25,000 in aggregate;
- 5.5.10 except as otherwise contemplated in an Approved Annual Budget, the creation, assumption or incurring of any liability or obligation that assures, indemnifies or guarantees in any way the payment or performance, or payment of damages for non-performance, of any indebtedness or other liability or obligation of any other Person;
- 5.5.11 except as otherwise contemplated in an Approved Annual Budget, the repayment of any Shareholder Debt, or of any indebtedness owing by the Company or any Subsidiary to a VPI Principal, a Principal, or to any Affiliate, associate or subsidiary of a Shareholder, a VPI Principal or a Principal, other than under the ordinary terms of it and other than a repayment of Shareholder Debt under Section 6.8 (*Triggered Shareholders*);
- 5.5.12 change its fiscal year end or make any change of material nature in its accounting principles or policies which it applies in preparing its financial statements other than as required by generally accepted accounting principles;
- 5.5.13 except for an Asset Sale Transaction under Section 6.7.1, and except as otherwise contemplated in an Approved Annual Budget, the Transfer, lease, exchange or other disposition of any assets of the Company or any Subsidiary out of the ordinary course of the Business having a value of more than 5% of the value of the total assets of the Company as shown on the Company's balance sheet for the immediately preceding completed financial year, or the granting of any right, option or privilege to purchase, lease or otherwise acquire those assets;
- 5.5.14 except for an Asset Sale Transaction under Section 6.7.1, and except as otherwise contemplated in an Approved Annual Budget, the Transfer, lease, exchange or other

disposition of any intellectual property outside of the ordinary course of the Business, or the granting of any right, option or privilege to purchase, lease or otherwise acquire intellectual property outside of the ordinary course of the Business;

- 5.5.15 the Transfer or other disposition of any securities or other ownership, equity or proprietary interest held by the Company or any Subsidiary in any other Person, including securities held by the Company in any of its Subsidiaries;
- 5.5.16 the purchase, lease or other acquisition of any property or assets out of the ordinary course of the Business;
- 5.5.17 except as otherwise contemplated in an Approved Annual Budget, the purchase or other acquisition of any securities or other ownership, equity or proprietary interest in any other Person or the incorporation or creation of any Subsidiary;
- 5.5.18 the engagement in any transaction with a Person not at Arm's Length to the Company and any Shareholder, VPI Principal or Principal; and
- 5.5.19 the appointment or engagement of any individual or entity who would become a member of Management and the approval of the terms and conditions thereof, and any remuneration and compensation payable therewith.

5.6 Meetings of the Shareholders

- 5.6.1 Subject to the terms of this Section 5.6.1, the presence of each of Lobe and VPI, or their authorized Representatives, will be required to constitute a quorum at any meeting of the Shareholders. If a quorum is not present at the start of a meeting, the Shareholders present may not transact any business, and those Shareholders will be deemed to have adjourned that meeting to the same time and place five Business Days following the date on which the meeting was originally called. If a quorum is not present at the adjourned meeting because of the refusal, with no legitimate excuse, of one or more Shareholders to attend, then the Shareholders who are present will be deemed to constitute a quorum and may transact all business that a full quorum may have transacted with respect to the matters set out in the notice and accompanying documentation provided to the Shareholders in connection with the originally scheduled meeting.
- 5.6.2 Except as required by applicable law, all questions to be decided at any meeting of the Shareholders will be decided by a simple majority of the voting rights attached to all of the Shares held by the Shareholders present at the meeting.
- 5.6.3 Any of Lobe or VPI will have the right at any time to call a meeting of the Shareholders on not less than 10 Business Days' notice in writing to the other Shareholders.
- 5.6.4 Meetings of the Shareholders will be held at least once per calendar year.
- 5.6.5 For the purposes of this Agreement, a Shareholder is considered to be present at a meeting of Shareholders if the Shareholder is present, or deemed under the Act to be present, in person or represented by proxy at the meeting.

5.7 Information Rights

The Company will deliver to each of Lobe and VPI:

5.7.1 The Company will deliver to each of Lobe and VPI:

5.7.1.1 monthly financial statements and, where requested, a report by the Company's chief executive officer discussing significant variances against the Approved Annual Budget, within 30 days following each month end; and

5.7.1.2 upon request, copies of all Material Contracts entered into by the Company or any Subsidiary.

5.7.2 The Company acknowledges that, as a reporting issuer, Lobe has continuous and timely disclosure obligations under applicable securities laws and, in order to permit Lobe to comply with its reporting obligations thereunder, the Company agrees that it will, in a timely manner, provide Lobe with all information relating to the Company and the Business which is necessary for Lobe to comply with its disclosure obligations (in the sole determination of Lobe, acting reasonably).

5.8 Notification of Material Events

From and after the Effective Date, the Company will deliver to each of Lobe and VPI, as soon as practicable:

5.8.1 a detailed description in writing of the relevant facts and issues with respect to any legislation, regulation, policy or act that is introduced or is to be applied by any Governmental Authority, or of any other event or set of circumstances, that in the view of the Company will or could have a material adverse effect on the Business, or on the assets, liabilities, financial condition, results of operations or business prospects of the Company, upon becoming aware of it;

5.8.2 a copy of any notice or statement given by the Company to its lenders, or received by the Company from its lenders, in connection with a breach of, or failure to perform, any covenant in relation to indebtedness of the Company for borrowed money; and

5.8.3 a notice of any dispute, litigation or arbitration or other proceedings involving any Governmental Authority that might have a material adverse effect on the Business, or on the assets, liabilities, financial condition, results of operations or business prospects of the Company, upon becoming aware that it may be threatened or pending.

5.9 Access Rights

From and after the Effective Date, the Company will permit each of Lobe and VPI, and their Representatives, upon reasonable notice and at reasonable times, to visit the Company's premises, to observe the Company's operations and to interview the Company's employees and consultants.

5.10 Directors' and Officers' Indemnity by the Company

5.10.1 To the fullest extent permitted by law, the Company indemnifies all Eligible Parties against all Eligible Penalties and all Indemnification Expenses, if:

- 5.10.1.1 in relation to the subject matter of the Eligible Proceeding, the Eligible Party acted honestly and in good faith with a view to the best interests of the Company or of any Associated Corporation, as applicable; and
 - 5.10.1.2 in the case of an Eligible Proceeding other than a civil proceeding, the Eligible Party had reasonable grounds for believing that the Eligible Party's conduct in respect of which the Eligible Proceeding was brought was lawful.
- 5.10.2 The intention of this Section 5.10 is that all Eligible Parties will have all benefits provided under the indemnification provisions of the Act to the fullest extent permitted by law, and, without limiting the indemnity in Section 5.10.1, the Company will immediately cause to be passed all resolutions and take all other steps, including entering into separate indemnity agreements with each Eligible Party, as may be required to give full effect to this Section 5.10.

ARTICLE 6 DISPOSITIONS AND ACQUISITIONS OF SHARES

6.1 Restrictions on Transfer

- 6.1.1 Except as consented to in writing by each of Lobe and VPI, no Shareholder may Transfer any of the Shares owned by it, unless the Transfer is expressly permitted or required under, and is made in compliance with the terms of, any of Section 6.2 (*Permitted Transfers*), Section 6.3 (*Right of First Refusal*), Section 6.4 (*Right of Co-Sale*), Section 6.6 (*Compulsory Sale of Shares*), or Section 6.8 (*Triggered Shareholders*). Any attempted Transfer of Shares made in breach of this Agreement, or purported to be made without the consent of each of Lobe and VPI as provided herein, will be null and void *ab initio*. Neither the Board nor any of Lobe or VPI will approve or ratify any Transfer of Shares made in breach of this Agreement and the Company will not permit such a Transfer to be recorded on the central securities register maintained for the shares of the Company.
- 6.1.2 Except as consented to in writing by each of Lobe and VPI, no Principal will Transfer the Principal's holdings in a Holding Company, or enter into any other transaction or agreement, if the result would be (or would reasonably be expected to be) that the Principal no longer Controls that Holding Company.
- 6.1.3 Except as consented to in writing by each of Lobe and VPI, no Holding Company will issue any securities, or enter into any other transaction or agreement, if the result would be (or would reasonably be expected to be) that the Holding Company is no longer Controlled by its related Principal.
- 6.1.4 From and after the date of an attempted Transfer of Shares in breach of this Agreement, all rights of the Shareholder purporting to have made the Transfer will be suspended and inoperative and no Person will be entitled to vote the Shares purportedly Transferred, or receive dividends or other distributions on them, until the Transfer is rescinded. From and after the date of a transaction prohibited by Section 6.1.2 or Section 6.1.3, all rights of the Shareholder in respect of which the change of Control occurs (or is reasonably expected to occur) will be suspended and inoperative and no Person will be entitled to vote the Shares held by that Shareholder, or receive dividends or other distributions on them, until the prohibited transaction is rescinded.

6.2 Permitted Transfers

6.2.1 Subject to the provisions of this Section 6.2, each Shareholder will be entitled as transferor (in that capacity, a “**Transferor**”), upon prior written notice to the Company and after receiving consent of each of Lobe and VPI, to transfer all (but not less than all) of its Shares to any Permitted Transferee of the Transferor.

6.2.2 The Transferor will, at all times after the transfer of Shares to a Permitted Transferee:

6.2.2.1 be jointly and severally liable with the Permitted Transferee for the observance and performance of the covenants and obligations of the Permitted Transferee under this Agreement; and

6.2.2.2 indemnify the other Parties against any loss, damage or expense incurred as a result of the failure by the Permitted Transferee to comply with the provisions of this Agreement.

If, at the time of a transfer of Shares to a Permitted Transferee, the Transferor is a Holding Company:

6.2.2.3 the natural person that Controls that Transferor will be deemed for the purposes of this Agreement to be the Principal of, and to Control, that Permitted Transferee for as long as that Permitted Transferee is a Shareholder; and

6.2.2.4 the restrictions in Section 6.1.2 and Section 6.1.3 will apply, with necessary changes, so that the natural person continues to Control the Transferor and the Transferor continues to Control the Permitted Transferee unless otherwise consented to in writing by Lobe and VPI.

6.2.3 A Permitted Transferee that has received Shares from a Transferor under this Section 6.2 may not subsequently transfer those Shares as a “Transferor” under this Section 6.2, but may, upon prior written notice to the Company and after receiving consent of each of Lobe and VPI, transfer all (but not less than all) of those Shares to that Transferor.

6.2.4 A Holding Company may, upon prior written notice to the Company and after receiving consent from each of Lobe and VPI, transfer all (but not less than all) of its Shares to its Principal. Upon becoming a Shareholder under this Section 6.2.4, that former Principal may subsequently transfer those Shares as a “Transferor” under this Section 6.2.

6.2.5 All costs associated with any transfer that is permitted under this Section 6.2 will be paid by the Transferor or, in the case of a transfer to a Principal under Section 6.2.4, by that Principal.

6.3 Right of First Refusal:

Subject to the provisions of this Section 6.3, a Shareholder (the “**Offeror**”) may, if it receives a *bona fide* written offer from another Shareholder, the Principal of another Shareholder or an Arm’s Length third party (in each case, a “**Proposed Transferee**”) to purchase all or any part of the Shares owned by the Offeror, transfer those Shares under that offer if the Offeror first makes an offer (an “**Offer**”) to sell those Shares (the “**Offered Shares**”) to the Shareholders other than the Offeror (the “**Remaining Shareholders**”) on the following basis:

- 6.3.1 **Sale Notice.** Each Offer will be made by written notice (the “**Sale Notice**”) to the Remaining Shareholders specifying:
- 6.3.1.1 that the Remaining Shareholders have the right to purchase all, but not less than all, of the Offered Shares in accordance with this Section 6.3;
 - 6.3.1.2 the number and class of Offered Shares;
 - 6.3.1.3 details of the offer received by the Offeror including the name and address of the Proposed Transferee, the terms and conditions of the offer including the purchase price for the Offered Shares, and any other information that would reasonably be relevant to the Remaining Shareholders;
 - 6.3.1.4 the amount, if any, of Shareholder Debt that is owing to the Offeror; and
 - 6.3.1.5 the closing date for the sale of the Offered Shares under the Offer, which date must be at least 25 Business Days and no more than 50 Business Days after the delivery of the Sale Notice;
- 6.3.2 **Acceptance.** Each Remaining Shareholder will have 10 Business Days after receipt of the Sale Notice (the “**Offer Acceptance Period**”) within which to accept or decline the Offer, by written notice to the Offeror, with a copy to the Company. If a Remaining Shareholder does not deliver a written notice to accept the Offer within the Offer Acceptance Period, it will be deemed to have declined the Offer. Each Remaining Shareholder that elects to accept the Offer (an “**Electing Shareholder**”) will specify in its notice the maximum number of Offered Shares that the Electing Shareholder elects to purchase, which may be more or less than its pro rata portion.
- 6.3.3 **Sale to Electing Shareholders.** If the Electing Shareholders elect, in aggregate, to purchase all (or more than all) of the Offered Shares, the Offeror will sell all of the Offered Shares to the Electing Shareholders and:
- 6.3.3.1 each Electing Shareholder will purchase the number of Offered Shares determined under Section 6.3.4 and, if applicable, the amount of Shareholder Debt determined under Section 6.3.5; and
 - 6.3.3.2 the closing of the purchase by the Electing Shareholders will take place on the closing date specified in the Sale Notice, or on any other date agreed to by the parties to the transaction.
- 6.3.4 **Electing Shareholders’ Right to Purchase.** If the Electing Shareholders are purchasing the Offered Shares under this Section 6.3, each Electing Shareholder will initially be allocated its pro rata portion of the Offered Shares (calculated on the number of Shares held as of the date of the Sale Notice by the Electing Shareholders as between themselves) or any lesser amount specified in that Electing Shareholder’s notice accepting the Offer. After that initial allocation, if any of the Offered Shares remain unallocated (the “**Remaining Shares**”) and there are Electing Shareholders with unsatisfied claims under their elections (the “**Second Round Offerees**”), the Remaining Shares will be allocated among the Second Round Offerees as follows:
- 6.3.4.1 as may be agreed by the Second Round Offerees; or

- 6.3.4.2 failing an agreement, each of the Second Round Offerees will be allocated its pro rata portion of the Remaining Shares (calculated on the number of Shares held as of the date of the Sale Notice by the Second Round Offerees as between themselves), in successive rounds, if necessary, to fully divide those Remaining Shares among them, provided that no Second Round Offeree will be required to purchase more than the maximum number of Shares specified in its notice accepting the Offer.
- 6.3.5 **Shareholder Debt.** If the Offered Shares represent all of the Offeror's Shares, then if the Electing Shareholders are purchasing the Offered Shares under this Section 6.3 they must also purchase from the Offeror any Shareholder Debt owing to the Offeror, for cash on a dollar-for-dollar basis, at the same time as they purchase the Offered Shares. Each Electing Shareholder will purchase its pro rata portion of that Shareholder Debt (calculated on the number of Offered Shares being purchased by the Electing Shareholders as between themselves), or any other portion agreed by the Electing Shareholders.
- 6.3.6 **Sale to Third Party.** If the Remaining Shareholders do not elect, in aggregate, to purchase all (or more than all) of the Offered Shares, the Offeror will have the option to reject all acceptances given by the Remaining Shareholders and to transfer the Offered Shares to the Proposed Transferee provided that:
- 6.3.6.1 the transfer is completed at a price that is not less than the price, and on terms and conditions that are not more favourable from a buyer's perspective than those, under the Offer (including any terms of the Offer that apply due to Article 9 (*General Sale Provisions*));
- 6.3.6.2 if the Offered Shares represent all of the Offeror's Shares, the Proposed Transferee also purchases from the Offeror any Shareholder Debt owing to the Offeror, for cash on a dollar-for-dollar basis, at the same time as the Proposed Transferee purchases the Offered Shares;
- 6.3.6.3 the Proposed Transferee is not a competitor of the Company operating or conducting a similar Business as the Company; and
- 6.3.6.4 the transfer is completed within 90 Business Days after the delivery of the Sale Notice, after which the Offeror must again comply with this Section 6.3 if it wishes to transfer Shares under this Section 6.3.
- 6.3.7 **Company's Assistance.** The Company will make best efforts to assist with the efficient operation and administration of the process provided for under this Section 6.3 including, if so requested in writing by the Offeror, acting as the Offeror's agent to give and receive on behalf of the Offeror the notices referred to in this Section 6.3.

6.4 Right of Co-Sale

If the Offeror becomes entitled to transfer the Offered Shares to a third party (that is not already a Shareholder or Principal) under Section 6.3 (*Right of First Refusal*), then each Remaining Shareholder will have the right (the “**Co-Sale Right**”) to participate in that transfer on the following terms and conditions:

- 6.4.1 **Co-Sale Notice.** The Offeror will notify each Remaining Shareholder in writing (the “**Co-Sale Notice**”) that each Remaining Shareholder has the Co-Sale Right provided under this Section 6.4 specifying:
- 6.4.1.1 the name and address of the third party;
 - 6.4.1.2 the terms and conditions of the proposed transfer including the purchase price for the Shares to be purchased by the third party, and any other information that would reasonably be relevant to the Remaining Shareholders;
 - 6.4.1.3 the closing date for the proposed transfer, which date must be at least 25 Business Days and no more than 50 Business Days after the delivery of the Co-Sale Notice; and
 - 6.4.1.4 that each Remaining Shareholder has the Co-Sale Right provided under this Section 6.4 in respect of the proposed transfer.
- 6.4.2 **Shares That Can Be Sold.** Each Remaining Shareholder will be entitled, at its option, to sell to the third party, in conjunction with the closing of the third party’s purchase of Shares from the Offeror, all or any part of its Shares.
- 6.4.3 **Shareholder Debt.** If any Shareholder Debt is owing to a Remaining Shareholder, and if that Remaining Shareholder is selling all of its Shares to the third party, that Remaining Shareholder’s Co-Sale Right will also include the right to require the third party to purchase all of that Remaining Shareholder’s Shareholder Debt, for cash on a dollar-for-dollar basis, at the same time that its Shares are purchased.
- 6.4.4 **Exercise Notice.** Each Remaining Shareholder will have 10 Business Days after receipt of the Co-Sale Notice to exercise its Co-Sale Right by written notice to the Offeror specifying the number and class of Shares and the amount of Shareholder Debt that each Remaining Shareholder elects to sell to the third party.
- 6.4.5 **Co-Sale to Third Party.** If a Remaining Shareholder exercises its Co-Sale Right, the Offeror must not complete the transfer of its Shares to the third party unless the third party also purchases from the Remaining Shareholders all of the Shares in respect of which the Co-Sale Right was exercised (collectively, the “**Co-Sale Shares**”) at the same time and on the same terms and conditions, and all of the Shareholder Debt in respect of which the Co-Sale Right was exercised.
- 6.4.6 **Pricing of Shares.** The price that the third party must pay to each Remaining Shareholder for its Co-Sale Shares will be the price per Share specified as payable in the Sale Notice delivered under Section 6.3 (*Right of First Refusal*).
- 6.4.7 **Failure to Complete.** If the third party does not purchase the Co-Sale Shares and Shareholder Debt, if applicable, from each Remaining Shareholder that has exercised its Co-

Sale Right on the terms and conditions provided for in this Section 6.4, then the Offeror must not complete the transfer of its Shares to the third party. If the Offeror completes the transfer of all or part of its Shares to the third party in breach of this Section 6.4.7, then the Remaining Shareholders will have, in addition to any other rights or remedies that they may have in law or at equity, the right, by notice in writing, to put their Co-Sale Shares and Shareholder Debt, if applicable, to the Offeror at the prices determined under this Section 6.4.

6.5 Compulsory Sales—Definitions

In Sections 6.6 and 6.7, “**Accepting Shareholders**” means any one or more Shareholders who hold, in combination, not less than 75% of the voting rights attached to all of the Shares, “**Compelled Shareholders**” means any Shareholders not among the Accepting Shareholders, and “**Compelled Shares**” means all the Shares held by the Compelled Shareholders.

6.6 Compulsory Sale of Shares

6.6.1 Drag-Along Offer. If, at any time:

6.6.1.1 a third party (that is not already a Shareholder or Principal) makes an offer to purchase all of the Shares at the same time and, subject to Section 6.6.2 (*Shareholder Debt*) and Section 6.6.4 (*Conditions Precedent*) on the same terms and conditions (the “**Drag-Along Offer**”); and

6.6.1.2 the Accepting Shareholders deliver notice in writing to the Compelled Shareholders that the Accepting Shareholders intend to accept the Drag-Along Offer,

then the provisions of Section 6.3 (*Right of First Refusal*) will be inoperative, the Accepting Shareholders may accept the Drag-Along Offer and complete the transfer of their Shares to the third party, and the Compelled Shareholders will be required to sell the Compelled Shares to the third party in accordance with the terms and conditions of the Drag-Along Offer.

6.6.2 **Shareholder Debt.** In addition to the offer to purchase all of the Compelled Shares, a Drag-Along Offer must include an offer to purchase any Shareholder Debt owing to a Compelled Shareholder, for cash on a dollar-for-dollar basis, at the same time as the Compelled Shares are purchased.

6.6.3 **Failure to Comply.** If any Compelled Shareholder (a “**Delinquent Holder**”) fails to sell its Compelled Shares to the third party in accordance with the terms and conditions of the Drag-Along Offer, the third party will have the right, without prejudice to any other rights that it may have, to pay the purchase price for those Compelled Shares by depositing that amount to the credit of the Delinquent Holder in a special account at any financial institution in Canada. That deposit will constitute valid and effective payment of the purchase price for the Compelled Shares to the Delinquent Holder despite any action the Delinquent Holder may have taken to Transfer or grant a lien on the Compelled Shares. If the purchase price has been so paid, then from and after the date of deposit, the sale transaction will be deemed to have been fully completed and all right, title, benefit and interest, both at law and in equity, in and to those Compelled Shares will conclusively be deemed to have been transferred to and become vested in the third party, and all right, title, benefit and interest, both at law and in equity, in and to those Compelled Shares of the Delinquent Holder or of any transferee or assignee of the Delinquent Holder will cease, and the Company will register the transfer to

the third party of those Compelled Shares on the central securities register maintained for the shares of the Company. The Delinquent Holder will be entitled to receive the amount deposited under this Section 6.6.3 on delivery to the third party of the certificates representing those Compelled Shares duly endorsed for transfer to the third party.

6.6.4 **Conditions Precedent.** Despite anything to the contrary in this Section 6.6, a Compelled Shareholder will not be obligated to tender its Compelled Shares in a Drag-Along Offer, unless each of the following conditions is satisfied:

6.6.4.1 the Compelled Shareholder will not be required to pay any expenses incurred in connection with the Drag-Along Offer, except as set out in Section 6.6.5 (*Expenses*);

6.6.4.2 the Compelled Shareholder will not be liable, under indemnification provisions or otherwise, for any breach of a representation, warranty or covenant given or made by any other Person in connection with the Drag-Along Offer, other than the Company; and

6.6.4.3 the liability of the Compelled Shareholder, under indemnification provisions or otherwise, in connection with the Drag-Along Offer will not, under any circumstances, exceed the consideration paid to that Compelled Shareholder for its Compelled Shares.

6.6.5 **Expenses.** All expenses incurred for the benefit of the Shareholders, collectively, in connection with a Drag-Along Offer will be paid by the Company, or will be paid by each Shareholder (pro rata calculated on the number of Shares sold by each Shareholder) by withholding the relevant amount from the consideration payable under the Drag-Along Offer. Costs incurred by or on behalf of a Shareholder for its sole benefit will be paid by that Shareholder.

6.7 Compulsory Approval of Sale of Assets

6.7.1 **Asset Sale Transaction.** If, at any time, the Accepting Shareholders have agreed to approve a transfer, lease or other disposition of all or substantially all of the assets of the Company in one transaction or a series of transactions (an "**Asset Sale Transaction**"), the Compelled Shareholders will be deemed to have granted to one Accepting Shareholder selected by all of the Accepting Shareholders or, if no selection is made, to the President of the Company, (the "**Voting Nominee**") the following rights with respect to the Compelled Shares, in each case to approve, and facilitate the approval of, the Asset Sale Transaction:

6.7.1.1 the right to exercise, as the Voting Nominee may in its absolute discretion deem fit, all votes attached to the Compelled Shares at any meeting of the Shareholders, and at any adjournment of any meeting, with respect to the approval of the Asset Sale Transaction;

6.7.1.2 the right to consent to and sign, as the Voting Nominee may in its absolute discretion deem fit, all resolutions of the Compelled Shareholders with respect to the approval of the Asset Sale Transaction;

6.7.1.3 the right to waive notice of any meeting of Shareholders; and

6.7.1.4 all incidental and ancillary voting rights attached to the Compelled Shares and all rights to initiate, participate in and consent to any action or proceeding of the Compelled Shareholders with respect to the approval of the Asset Sale Transaction.

6.7.2 **Waiver of Dissent Rights.** The Compelled Shareholders will be deemed to have waived all dissent rights with respect to the Asset Sale Transaction.

6.7.3 **Power of Attorney.** The Compelled Shareholders will execute and deliver all instruments and agreements that may be requested by the Voting Nominee, acting reasonably, including an irrevocable power of attorney, to enable or facilitate the exercise of the rights granted to the Voting Nominee.

6.7.4 **Dividends and Distributions.** Despite the grant of rights to the Voting Nominee, the Compelled Shareholders will be entitled to receive all cash, additional shares and other property at any time receivable or otherwise distributed in respect of or in exchange for any or all of their Shares.

6.8 Triggered Shareholders:

6.8.1 **Triggering Events.** If any of the following events (each a “Triggering Event”) occurs:

6.8.1.1 the death of a Shareholder or a Shareholder’s Principal;

6.8.1.2 proceedings or other acts or actions through which a Shareholder or its Principal may be adjudicated bankrupt or insolvent, or may be liquidated, dissolved, wound-up, or reorganized, or granted relief or protection under any law relating to bankruptcy, insolvency, liquidation, reorganization, moratorium or relief of debtors, including under the *Companies’ Creditors Arrangement Act* (Canada) and the *Bankruptcy and Insolvency Act* (Canada), or other similar laws applicable to a Shareholder or its Principal;

6.8.1.3 a material breach by a Shareholder or its Principal of any provision of this Agreement (other than Lobe or VPI or the VPI Principals); or

6.8.1.4 if an application or proceeding is brought by a Shareholder or its Principal or the spouse, former spouse or dependent of a Shareholder or its Principal under the Applicable Legislation to determine the entitlement of that spouse, former spouse or dependent to the property of the Shareholder or Principal, and the Shareholder or Principal does not produce, by the date 30 days following the date on which the application or proceeding is brought, evidence reasonably satisfactory to the other Shareholders that the financial claims of that spouse, former spouse or dependent to that entitlement can be settled without in any way, directly or indirectly, affecting, encumbering or interfering with the Company, or with the holding of Shares by any Shareholder or with the Control of the Principal over its Holding Company;

the Shareholder with respect to which the Triggering Event has occurred, to it or to its Principal or to the Transferor from which the Shareholder obtained its Shares, as applicable, will be a “**Triggered Shareholder**” for the purposes of this Section 4.5.

- 6.8.2 **Notice.** Each Triggered Shareholder or its Principal, or the estate trustee, executor, administrator, or other legal or personal representative of the Triggered Shareholder or its Principal, as applicable, will give notice in writing to the Company promptly following the occurrence of a Triggering Event.
- 6.8.3 **Purchase Option.** Each Shareholder grants to the Company an irrevocable option (the “**Purchase Option**”), exercisable if it becomes a Triggered Shareholder, to purchase for cancellation (subject to the Company being able to meet the applicable solvency test under the Act) all of the Shares held by it (the “**Triggered Shares**”) in accordance with the following procedure:
- 6.8.3.1 **Exercise Period.** The Purchase Option will be exercisable by the Company for a period commencing immediately after the date on which the right to invoke arbitration rights under Section 6.8.6 (*Arbitration*) expires and expiring on the date that is 30 days following the date on which the Fair Value for the purposes of Section 6.8.6 (*Purchase Price*) is determined by the Board or by the final valuation report of the Auditors, as applicable, under Article 8 (*Fair Value*) (the “**Exercise Period**”).
- 6.8.3.2 **Exercise Notice.** The Company may deliver, within the Exercise Period, notice in writing (the “**Exercise Notice**”) to the Triggered Shareholder that it is exercising the Purchase Option. The Exercise Notice will be signed by the Company and will set out:
- 6.8.3.2.1 the number of Triggered Shares that will be acquired by the Company; and
- 6.8.3.2.2 the closing date for the purchase under the Purchase Option.
- 6.8.3.3 **Expiration of Purchase Option.** If the Exercise Notice is not delivered within the Exercise Period, the Purchase Option will expire at the end of the Exercise Period.
- 6.8.3.4 **Shareholder Debt.** The Purchase Option will include an obligation by the Company to repay any Shareholder Debt owing to the Triggered Shareholder, for cash on a dollar-for-dollar basis, at the same time as the Triggered Shares are purchased.
- 6.8.4 **Suspension of Certain Provisions.** Following delivery of a Triggering Notice that is not disputed pursuant to Section 6.8.6, the rights of a Triggered Shareholder under Section 4.5 (*Pre-Emptive Rights*) and Section 5.1.2 (*Board of Directors*) will be suspended and inoperative.
- 6.8.5 **Arbitration.** If a Shareholder disputes that a Triggering Event has occurred and that it is a Triggered Shareholder, then that Shareholder may invoke its right under Article 11 (*Arbitration*) to arbitrate that dispute by delivering written notice to the other Shareholders within 10 Business Days after the delivery of then notice required under Section 6.8.2, at the end of which time that right will expire despite anything to the contrary in Article 11 (*Arbitration*) and that Shareholder may no longer dispute that the Triggering Event has occurred. Despite any other provision in this Section 6.8, if a disputing Shareholder invokes its right to arbitration under this Section 6.8.5 then, unless that arbitration process is abandoned:

- 6.8.5.1 a Purchase Option cannot be exercised until a decision is rendered by the Arbitrator, after which the decision of the Arbitrator will govern whether the Purchase Option may be exercised; and
- 6.8.5.2 a Purchase Option, if it is not rendered void or unenforceable by the decision of the Arbitrator, will expire at the expiry of the original Exercise Period or on the date 25 days following the delivery of the Arbitrator's decision, whichever is later.
- 6.8.6 **Purchase Price.** The purchase price for the Triggered Shares will be their Fair Value, except if the relevant Triggering Event occurs under Section 6.8.1.3, in which case the purchase price will be 80% of Fair Value.
- 6.8.7 **Closing.** If Triggered Shares are being purchased under this Section 4.5, the closing will take place on the closing date specified in the Exercise Notice, or on any other date agreed to by the parties to the transaction.

ARTICLE 7 DISABILITY

7.1 Power of Attorney

- 7.1.1 Each Principal and each Shareholder that is a natural person (each a "**Grantor**"), will, at such time, appoint an individual as the true and lawful attorney of the Grantor (the "**Attorney**"), with full power of substitution, to act for and in the name of the Grantor to do all acts and things necessary to exercise the following rights with respect to the Shares owned by the Holding Company that that Principal Controls, or the Shares owned by that Shareholder that is a natural person, as applicable, (the "**Grantor Shares**") during the time that the Grantor is Disabled, in each case subject to any rights granted under Section 6.7 (*Compulsory Approval of Sale of Assets*):
- 7.1.1.1 the right to exercise, as the Attorney may in its absolute discretion deem fit, all votes attached to the Grantor Shares at all meetings of the Shareholders (and at any adjournment of those meetings);
- 7.1.1.2 the right to consent to and sign, as the Attorney may in its absolute discretion deem fit, all resolutions of the Shareholders with respect to the Grantor Shares;
- 7.1.1.3 the right to waive notice of meetings of Shareholders;
- 7.1.1.4 all rights under the Act to initiate, participate in and consent to or oppose any action or proceeding of the Shareholders relating to the Grantor Shares; and
- 7.1.1.5 all rights to designate any nominee of the Grantor for election or removal under Section 5.1 (*Board of Directors*),
- (the "**Power of Attorney**").
- 7.1.2 The Power of Attorney becomes effective only when:
- 7.1.2.1 the Grantor is Disabled;

- 7.1.2.2 the Attorney has signed the Power of Attorney and had it witnessed, as required by Section 7.1.5; and
 - 7.1.2.3 a period of 30 days has passed after the Attorney has sent written notice to the Grantor that it is exercising the Power of Attorney in accordance with the terms and conditions of this Agreement.
- 7.1.3 The Power of Attorney extends to and is binding upon the Grantor's administrators, successors and assigns. The Power of Attorney supersedes any prior delegation of authority that conflicts with it.
- 7.1.4 While the Power of Attorney is in effect, the Attorney will keep the personal representative of the Grantor reasonably informed as to all matters relating to the management, operation and disposition of the assets of the Company.
- 7.1.5 To comply with the requirements of the *Power of Attorney Act* (British Columbia), the Attorney can, at any time after the date of this Agreement and before exercising the Attorney's authority under Section 7.1, sign the Power of Attorney by signing, having duly witnessed and attaching to this Agreement a separate execution page that refers to this Agreement and the Power of Attorney to which that separate execution page relates.

7.2 Cessation of Disability

When the Grantor is no longer subject to a Disability the Power of Attorney will become ineffective, but will not be revoked, and will remain capable of becoming effective under Section 7.1.2 upon any later date that the Grantor becomes Disabled.

ARTICLE 8 FAIR VALUE

8.1 Calculation of Fair Value

In this Agreement the fair value (the "**Fair Value**") of Shares will be calculated as at the time immediately before the occurrence of the event that gave rise to the requirement to make the calculation, and will be:

- 8.1.1 calculated on an *en bloc* basis, attributing neither a premium to, nor a discount from, the value of the Shares that are being sold as a result of the fact that they constitute part of a majority or minority block of all of the Shares;
- 8.1.2 the highest price, expressed in money, available in an open and unrestricted market between informed and willing parties acting at Arm's Length and under no compulsion to act; and
- 8.1.3 determined on a going concern basis, unless inappropriate in light of circumstances.

8.2 Process

The process for determining the Fair Value of Shares will be as follows:

- 8.2.1 The Board shall apply the valuation principles set out in Section 8.1 (*Calculation of Fair Value*) to determine the Fair Value of the Shares, provided that if the Board is not able to unanimously agree on the Fair Value, the Board shall be entitled to utilize the process in Section 8.2.2.
- 8.2.2 The Board shall be entitled to nominate the Auditors as valuator, with whom the Company and the Triggered Shareholder will cooperate fully in providing information and access to the Company's Representatives.
- 8.2.3 The Auditors will be asked to determine and prepare a valuation report on the Fair Value of the Shares and provide a draft of that report to the Company and the Triggered Shareholder within 30 days after their engagement. The draft may omit value conclusions but will set out major assumptions, judgments and the framework for valuation calculations.
- 8.2.4 In making the determination of the Fair Value, the Auditors will:
- 8.2.4.1 attribute no value to any life insurance used to purchase the Shares; and
 - 8.2.4.2 apply the valuation principles set out in Section 8.1 (*Calculation of Fair Value*).
- 8.2.5 The Auditors will provide their final valuation report within a further period of 10 days after providing their draft report. If the Fair Value is expressed by the Auditors as a range, the mid-point of the range will be used for the purposes of determining the Fair Value.

8.3 Costs

The cost of any determination of Fair Value in accordance with this Article 8 will be paid by the Company.

8.4 Expert Determination

The preparation of a final valuation report by the Auditors will be conducted as an expert determination, solely on the basis of the Auditors' own experience, and will not be an arbitration. The amount of the Fair Value determined by the Auditors will be final and binding, and there will be no appeal or review of that determination on any grounds, by any court or arbitrator or otherwise.

ARTICLE 9 GENERAL SALE PROVISIONS

9.1 Application of Sale Provisions

- 9.1.1 Except as may otherwise be expressly provided in this Agreement, the provisions of this Article 9 will apply to any sale of Shares between Shareholders, and any sale of Shares by a Shareholder to the Company, under this Agreement.
- 9.1.2 In this Article 9:
- 9.1.2.1 "**Buyer**" means a Party that is buying Shares from a Shareholder.

- 9.1.2.2 “**Closing Time**” means 10:00 a.m. (Vancouver time), or any other time agreed to by the parties to the Sale Transaction, on the date established under the terms of this Agreement upon which a closing of a sale of Shares by a Seller will occur.
- 9.1.2.3 “**Purchase Price**” means the price at which the Shares being sold by a Seller are to be bought.
- 9.1.2.4 “**Purchased Shares**” means the Shares that a Seller is selling.
- 9.1.2.5 “**Sale Transaction**” means the sale by the Seller and the purchase by each Buyer of the Shares of a Shareholder, including the related sale and purchase of Shareholder Debt, as applicable.
- 9.1.2.6 “**Seller**” means a Shareholder who is selling Shares.
- 9.1.2.7 “**Seller Group**” means a Seller, its Principal (if applicable), any nominee of the Seller, and, if the Seller is a Permitted Transferee that has received Shares from a Transferor under Section 6.2 (*Permitted Transfers*), that Transferor.

9.2 Closing

The closing of the Sale Transaction will take place at the offices of the Company, or at any other place or in any other manner agreed to by the parties to the Sale Transaction, at the Closing Time.

9.3 Obligations of Seller

At or before the Closing Time, the Seller will:

- 9.3.1 transfer to each Buyer the Purchased Shares and deliver the share certificates or other documents representing the Purchased Shares duly endorsed for transfer to each Buyer or as directed by it;
- 9.3.2 do all other things required to deliver good and marketable title to the Purchased Shares to each Buyer free and clear of any liens or encumbrances;
- 9.3.3 deliver to the Company and each Buyer all necessary documents, which will be in form and substance satisfactory to each Buyer’s legal counsel, required to transfer any Shareholder Debt being purchased by each Buyer under the terms of this Agreement;
- 9.3.4 if the Seller is selling all of its Shares, deliver to the Company signed resignations of each member of the Seller Group in its capacity as a director, officer or employee of the Company and any Subsidiary, as applicable; and
- 9.3.5 either provide evidence reasonably satisfactory to each Buyer that the Seller is not then a non-resident of Canada within the meaning of the ITA or if requested by a Buyer, acting reasonably, provide that Buyer with a certificate under section 116(2) of the ITA with a certificate limit in an amount not less than the Purchase Price for the Purchased Shares.

9.4 Release of Guarantees

If, at the Closing Time, a member of the Seller Group, or any other Person for and on behalf of the Seller, has granted any guarantees, indemnities, securities or covenants to any Person to secure any indebtedness, liability or obligation of the Company or the remaining Shareholders, then, if the Seller is selling all of its Shares, the remaining Shareholders will make best efforts to deliver or cause to be delivered to that Seller, or cancel or cause to be cancelled, all of those guarantees, indemnities, securities and covenants at the Closing Time. If, despite those best efforts, the delivery or cancellation of any of those guarantees, indemnities, securities or covenants is not obtained, the remaining Shareholders will deliver to that member of the Seller Group, or that other Person that has acted for and on behalf of the Seller, an indemnity in writing, in form and substance satisfactory to the Seller's legal counsel, indemnifying it against all claims, losses, costs or damages that may be or that will have been paid, suffered or incurred by it with respect to the guarantees, indemnities, securities or covenants.

9.5 Payment of Purchase Price, Set-off

Unless otherwise agreed in the Sale Transaction or otherwise specified in this Agreement, each Buyer:

- 9.5.1 may set-off against the Purchase Price any amounts owing to it by any member of the Seller Group;
- 9.5.2 if a Shareholder, will deduct from the Purchase Price its pro rata share, calculated on the number of Shares being purchased by each Shareholder, of any indebtedness owing by any member of the Seller Group to the Company, and remit the amount deducted to the Company to be applied to the amount owing by that Person to the Company; and
- 9.5.3 will pay the Purchase Price owing, less any amounts deducted as set out in this Section 9.5, in full at the Closing Time.

9.6 Non-Compliance with Conditions

If, at the Closing Time, the Purchased Shares are not free and clear of all liens and encumbrances, or evidence or a certificate required under Section 9.3.5 is not provided, each Buyer may, without prejudice to any other rights that it may have, purchase the Purchased Shares subject to those liens or encumbrances or in the absence of that evidence or certificate, and, in that event, that Buyer will, at the Closing Time:

- 9.6.1 assume all obligations and liabilities with respect to those liens or encumbrances; and
- 9.6.2 pay any Tax required under section 116 of the ITA, as applicable,

and in each case the Purchase Price payable by that Buyer for the Purchased Shares will be satisfied, in whole or in part, as applicable, by that assumption or payment, and the amount so assumed or paid will be deducted from the Purchase Price payable at the Closing Time.

9.7 Non-Completion by Seller

- 9.7.1 If, at the Closing Time, a Seller fails to complete the Sale Transaction, each Buyer will have the right, if not in default under this Agreement, without prejudice to any other rights that it may have, to pay the Purchase Price payable by it to that Seller at the Closing Time by depositing that amount to the credit of that Seller in a special account of any financial

institution in Canada. That deposit will constitute valid and effective payment of the Purchase Price to that Seller despite any action that Seller may have taken to Transfer or grant a lien on the Purchased Shares. If the Purchase Price has been so paid, then from and after the date of deposit, the Sale Transaction with respect to the Purchased Shares will be deemed to have been fully completed and all right, title, benefit and interest, both at law and in equity, in and to the Purchased Shares will conclusively be deemed to have been transferred to and become vested in that Buyer, and all right, title, benefit and interest, both at law and in equity, in and to the Purchased Shares of the Seller or of any transferee or assignee of the Seller will cease, and the Company will register the transfer to the Buyer of the Purchased Shares on the central securities register maintained for the shares of the Company. Each Buyer will also have the right to execute and deliver, on behalf of and in the name of the Seller and any other Party that is a member of the Seller Group, all deeds, transfers, share certificates, resignations and other documents that may be necessary to complete the Sale Transaction, and each Party, to the extent it may be a Seller or a member of the Seller Group, irrevocably appoints any Shareholder who is a Buyer in a Sale Transaction, or the President of the Company, if the Company is a Buyer in a Sale Transaction, its attorney for that purpose. The power of attorney granted by this Section 9.7.1 is a power coupled with an interest and cannot be revoked.

- 9.7.2 The irrevocable power of attorney granted in Section 9.7.1 by each Party who is a natural person will not be revoked by the death of that Party, and is not intended to be an enduring power of attorney within the meaning of and governed by the *Power of Attorney Act* (British Columbia) or a continuing power of attorney or any similar power of attorney under equivalent legislation in any of the provinces or territories of Canada (an “EPOA”). The execution of this Agreement will not terminate any EPOA granted by that Party previously and the power of attorney granted in Section 9.7.1 will not be terminated by the future execution by that Party of an EPOA.
- 9.7.3 The Seller will be entitled to receive the amount deposited under Section 9.7.1 on delivery to the relevant Buyer of the documents referred to in Section 9.3 (*Obligations of Seller*) and in compliance with all other provisions of this Agreement.

9.8 Non-Completion by Buyer

In addition to and without limiting any remedy that may be available to a Seller under this Agreement, at law or in equity, if a Buyer defaults in the performance of its obligation to complete the Sale Transaction, the Seller may, at its option, by notice in writing to the defaulting Buyer, terminate all its obligations relating to the Sale Transaction with that Buyer and, upon the giving of that notice under this Section 9.8, those obligations will be terminated.

9.9 No Joint Liability

If a Sale Transaction involves more than one Buyer, the Buyers in that Sale Transaction are not jointly liable for the payment of the purchase price for the Purchased Shares and Shareholder Debt, if any, purchased, and each Buyer is only liable to pay the purchase price for that portion of the Purchased Shares and Shareholder Debt, if any, that it is purchasing.

9.10 Consents

The Parties acknowledge that the completion of any Sale Transaction will be subject to the receipt from all relevant Governmental Authorities of all necessary consents and approvals, if any, to the transfer of Shares contemplated by the Sale Transaction.

ARTICLE 10 DISPUTE RESOLUTION

10.1 Deadlock

If after two successive meetings of the Board, a Fundamental Issue has been considered by the Board is unable to reach the required vote to decide such Fundamental Issue considered at such meetings (a “**Deadlock**” or “**Deadlocked Issue**”), the Board shall refer the Deadlocked Issue to the Shareholders. The Shareholders shall attempt to resolve such Deadlocked Issue within 10 Business Days after referral to them of the Deadlocked Issue (or, if mutually agreed by the Shareholders, a longer period of time). Any resolution agreed to by the Shareholders in writing shall be final and binding on the Company and the Shareholders. During the continuation of any Deadlock, the Company shall continue to operate in a manner consistent with its prior practices and this Agreement until the Deadlock is resolved.

10.2 Mediation

If the Shareholders are unable reach agreement as to the Deadlocked Issue within the time period set forth in Section 10.1 (including any agreed extensions), the Deadlock shall be mediated (the “**Mediation**”) within 15 Business Days from the date a written request for mediation is made by any Shareholder. The Mediation shall take place in Toronto and shall be in English. The Mediation shall be conducted before a single mediator to be agreed upon by the Shareholders. If the Shareholders cannot agree on the mediator, each Shareholder shall select a mediator and such mediators shall together unanimously select a neutral mediator who will conduct the mediation. Each Shareholder shall bear the fees and expenses of its mediator and all the Shareholders shall equally bear the fees and expenses of the final mediator. Any resolution agreed to by the Shareholders in writing shall be final and binding on the Corporation and the Shareholders.

10.3 Mandatory Arbitration

If the Shareholders are unable reach agreement as to the Deadlocked Issue and if such Deadlock precludes the Company from achieving its business purposes, then any Shareholders may refer the Deadlock to arbitration for binding resolution of the Deadlock, in which case arbitration shall be conducted in accordance with Article 11 *mutadis mutandis*.

ARTICLE 11 ARBITRATION

11.1 Arbitration

All disputes, disagreements, controversies, questions or claims arising out of or relating to this Agreement, including with respect to the formation, execution, validity, application, interpretation, performance, breach, termination or enforcement of this Agreement, and any dispute relating to conduct claimed to be oppressive or unfairly prejudicial, but excluding any dispute over the Fair Value of Shares,

(each a “**Dispute**”) will, subject to Section 11.2 (*Effect of Other Sections Preserved*), be determined by a sole arbitrator (the “**Arbitrator**”) under the *Arbitration Act* (British Columbia) (the “**Arbitration Act**”). In addition:

- 11.1.1 a Party may commence an arbitration by delivering a written notice of arbitration to each other Party;
- 11.1.2 the Arbitrator will be any individual on whom the parties to the arbitration (the “**Arbitration Parties**”) can agree. If the Arbitration Parties cannot agree, the Arbitrator will be appointed by the designated appointing authority under the Arbitration Act on the application of any Arbitration Party on notice to all the other Arbitration Parties;
- 11.1.3 an individual appointed as Arbitrator must agree in writing to be bound by the provisions of this Article 11;
- 11.1.4 the laws of the Province of British Columbia and the laws of Canada applicable in that province will apply to the substance of all Disputes;
- 11.1.5 the arbitration will take place in the City of Vancouver, British Columbia unless otherwise agreed in writing by the Arbitration Parties;
- 11.1.6 the arbitration will be conducted in the English language;
- 11.1.7 the arbitration will be conducted in accordance with the procedural rules for domestic commercial arbitrations of the Vancouver International Arbitration Centre, except to the extent modified by this Article 11;
- 11.1.8 the Arbitrator will have the right to determine all questions of law, including equitable rights and defences, and the Arbitrator may make final, interim, interlocutory and partial awards;
- 11.1.9 the Arbitrator will not, without the written consent of all Parties, retain any expert;
- 11.1.10 the Arbitrator will have the discretion to award costs of the arbitration, including reasonable legal fees and expenses, reasonable experts’ fees and expenses, reasonable witnesses’ fees and expenses, and pre-award and post-award interest, provided that the Arbitrator will not make an award of costs on a distributive basis, and with the exception that if any arbitration relating to the covenants contained in Article 13 (*Confidentiality, Non-Competition, Non-Solicitation*) ensues, and the Arbitrator determines those covenants have been breached by a Party, then that Party will pay and will also reimburse the Company for all of the Company’s costs and expenses (including legal fees and disbursements) incurred in connection with the arbitration;
- 11.1.11 the fees of the Arbitrator will be paid equally by the Arbitration Parties, with the exception that if any arbitration relating to the covenants contained in Article 13 (*Confidentiality, Non-Competition, Non-Solicitation*) ensues, and the Arbitrator determines those covenants have been breached by a Party, then that Party will pay the fees of the Arbitrator;
- 11.1.12 the Parties intend, and will take all reasonable action that is necessary or desirable to ensure, that there will be a just, speedy and economical resolution of any Dispute, and the Arbitrator will conduct the arbitration of the Dispute with a view to making a determination and order as soon as possible;

- 11.1.13 subject to section 56 of the Arbitration Act, all awards and determinations of the Arbitrator will be final and binding on the Arbitration Parties, and there will be no appeal of any awards or determinations of the Arbitrator on any question of law; and
- 11.1.14 the Parties desire that any arbitration be conducted in strict confidence without disclosure to any Person of the existence or any aspect of a Dispute except as is necessary for the resolution of the Dispute. Any proceedings before the Arbitrator will be attended only by those Persons whose presence, in the opinion of any Arbitration Party or the Arbitrator, is reasonably necessary for the resolution of the Dispute. All matters relating to, evidence presented to, submissions made in the course of, documents produced and information provided in accordance with an arbitration under this Article 11 or any order of the Arbitrator, or created in the course of or for the purposes of the arbitration, as well as any arbitral award, will be kept confidential and will not be disclosed to any Person without the prior written consent of all the Arbitration Parties, except as required in connection with an application by any of those parties under section 58 or section 61 of the Arbitration Act or enforcing the arbitral award, or as required by applicable laws or by an order of an Arbitrator made under a motion or application on notice to all Arbitration Parties.

11.2 Effect of Other Sections Preserved

Except as set out in Section 11.4 (*Arbitration Must Run its Course*), nothing in this Article 11 will be construed to require a Shareholder to submit a Dispute to arbitration rather than resolve it by recourse to its rights under Article 6 (*Dispositions and Acquisitions of Shares*), as applicable.

11.3 Interim Measures

- 11.3.1 Before or during the appointment of the Arbitrator, the Arbitration Parties may apply to the courts for interim measures (as defined in the Arbitration Act). A request by an Arbitration Party to a court for interim measures will not be considered to be incompatible with Section 11.1 or as a waiver of that provision.
- 11.3.2 At the request of any Arbitration Party, the Arbitrator may grant any interim measures or preliminary orders that the Arbitrator considers necessary in respect of the Dispute, including measures for the preservation of assets, the conservation of goods or the sale of perishable goods. The Arbitrator may require security for those interim measures or preliminary orders.

11.4 Arbitration Must Run its Course

Once a Dispute is submitted to arbitration under this Article 11, none of the Arbitration Parties will, unless the Arbitration Parties otherwise agree, deliver any notice under Article 6 (*Dispositions and Acquisitions of Shares*), as applicable, until after a final and binding determination of the Arbitrator is made with respect to that Dispute.

ARTICLE 12 TERM

12.1 Term

Other than the obligations of Lobe set forth in Sections 4.2 and 4.3 (which are in force as of the date hereof), the obligations of the Parties hereto will come into force and effect as of the Effective Date and will continue in force until the earlier of:

- 12.1.1 the date on which only one Shareholder holds all of the Shares and no other Persons have any rights to acquire shares in the Company;
- 12.1.2 the date on which the Company is dissolved in accordance with the Act, or makes an assignment in bankruptcy, or on which a receiving order is issued with respect to the Company;
- 12.1.3 the date on which this Agreement is terminated by written agreement of all of the Shareholders; or
- 12.1.4 the filing of a final prospectus or other disclosure documents in respect of a public offering of shares of the Company or a listing of the Company's Shares on a nationally recognized stock exchange.

12.2 Effect of Termination

If this Agreement is terminated under Section 12.1, the Parties will be released from all of their obligations under this Agreement, except that:

- 12.2.1 Section 6.2.5, Section 6.6.5 (*Expenses*), Section 8.3 (*Costs*), Article 11 (*Arbitration*), this Section 12.2, Article 13 (*Confidentiality, Non-Competition, Non-Solicitation*), Section 14.12 (*Costs and Expenses*) will survive the termination of this Agreement and continue in full force and effect;
- 12.2.2 if a Party has, before the termination of this Agreement, exercised its rights, or initiated a procedure, in each case in relation to a Transfer of Shares expressly permitted or required under Article 6 (*Dispositions and Acquisitions of Shares*) or in relation to an Asset Sale Transaction under Section 6.7 (*Compulsory Approval of Sale of Assets*), the provisions of this Agreement will survive that termination to the extent necessary to give effect to those rights and that procedure;
- 12.2.3 the termination of this Agreement will not relieve any Party from any liability arising on or before that termination; and
- 12.2.4 Article 1 (*Interpretation*) and Article 14 (*General*) will continue to apply to the rights, obligations, liabilities and provisions that survive termination under Sections 12.2.1 to 12.2.3.

ARTICLE 13
CONFIDENTIALITY, NON-COMPETITION, NON-SOLICITATION

13.1 Non-Competition

Each Party other than the Company agrees, until the date that is eighteen (18) months after the earlier of (i) the date that it ceases to be a Shareholder or a Principal or a VPI Principal and (ii) the date of termination of this Agreement, that it will not, in any manner or capacity, whether directly or indirectly, individually or in partnership or otherwise jointly or in conjunction with any Person:

- 13.1.1 advise, be engaged or interested in, be concerned or associated with, or carry on;
- 13.1.2 lend money to, provide financial assistance to, or guarantee the debts or obligations of; or
- 13.1.3 permit its name or any part of that name to be used or employed by any Person in connection with,

a Competitive Core Business within the Territory, where “**Competitive Core Business**” means a business that is predominantly engaged in developing and commercializing a capsule or pod to create immersive experiences for any uses that have been employed by the Business following the date hereof as unanimously approved by Lobe and VPI.

There will be no default under Section 13.1 by virtue of the relevant Party holding, as a passive investor only, not more than five percent in the aggregate (including securities held by any Persons acting jointly or in concert with such Party) of the issued and outstanding securities of a Person, the securities of which are listed on a recognized stock exchange or an organized securities market. In addition, no Shareholder or VPI Principal shall be deemed in breach of this section as a result of any engagement of such Party prior to the date hereof with the development and commercialization of any technology utilized to provide virtual experiences that does not utilize a capsule or pod to deploy such technology.

13.2 Non-Solicitation of Employees

Each Party other than the Company agrees, until the date that is three years after the earlier of (i) the date that it ceases to be a Shareholder or a Principal or a VPI Principal and (ii) the date of termination of this Agreement, that it will not, in any manner or capacity, whether directly or indirectly, individually or in partnership or otherwise jointly or in conjunction with any Person:

- 13.2.1 induce or encourage any employee to leave the employment of the Company or any Subsidiary or authorize, assist, approve or encourage that action by any other Person; or
- 13.2.2 hire or attempt to hire or otherwise solicit any employee of the Company or any Subsidiary or authorize, assist, approve or encourage that action by any other Person.

13.3 Confidentiality

13.3.1 Each Party other than the Company acknowledges and agrees that:

- 13.3.1.1 in the course of its association with the Company, it has acquired Confidential Information;

13.3.1.2 the Company has possession of, title to, and ownership of and all rights to use the Confidential Information; and

13.3.1.3 any disclosure of the Confidential Information to the general public would be highly detrimental to the interests of the Company,

and accordingly, each Party other than the Company agrees to hold in strict confidence and not disclose or use any Confidential Information for any purpose.

13.3.2 Despite Section 13.3.1, Confidential Information may be disclosed to a prospective buyer of a Shareholder's securities if that prospective buyer signs a confidentiality or non-disclosure agreement containing provisions equivalent to those in this Section 13.3.

13.3.3 Despite Section 13.3.1, Confidential Information may be disclosed to any Representative, if that Representative is already bound by a duty of confidentiality not to disclose any information provided to it, or signs a confidentiality or non-disclosure agreement containing provisions equivalent to those in this Section 13.3.

13.3.4 Despite Section 13.3.1, Confidential Information may be disclosed as required or permitted by applicable law.

13.4 Covenants Reasonable

Each Party acknowledges and agrees with the other Parties that:

13.4.1 without the covenants and agreements included in this Article 13, the other Parties would not have entered into this Agreement;

13.4.2 the covenants and agreements included in this Article 13 are reasonable in the circumstances and are necessary to protect the economic position of the Company, any Subsidiaries and the other Parties; and

13.4.3 the breach of any of the provisions of this Article 13 would cause serious and irreparable harm to the Company, any Subsidiaries, and the other Parties that could not adequately be compensated for in damages, and if there is a breach of any of the provisions of this Article 13, each Party consents to an injunction being issued to prevent any further breach of those provisions. This Section 13.4.3 will not be construed as limiting any other remedy to which the Company, any Subsidiaries or the other Parties may be entitled if there is a breach of any of the provisions of this Article 13.

13.5 Covenants Independent

The existence of any claim or cause of action of a Shareholder, a VPI Principal or a Principal against the Company or another Shareholder or its Principal or a VPI Principal, whether under this Agreement or otherwise, will not constitute a defence to the enforcement by the Company, any Subsidiary or any of the other Shareholders of the provisions of this Article 13 against that Shareholder or its Principal or a VPI Principal.

**ARTICLE 14
GENERAL**

14.1 Time of Essence

Time is of the essence in all respects of this Agreement.

14.2 Notices

Any Communication must be in writing and either:

14.2.1 delivered personally or by courier; or

14.2.2 transmitted by e-mail or functionally equivalent electronic means of transmission, charges (if any) prepaid.

Any Communication must be sent to the intended recipient at its address as follows:

to Lobe Sciences Ltd. at:

1400-1199 West Hastings Street
Vancouver, BC
V6E 3T5

Attention: Philip Young

E-mail: [REDACTED]

to Virtual Psychedelics Incorporated at:

[REDACTED]

Attention: William (Billy) Alfonso

Tel. No.: [REDACTED]

E-mail: [REDACTED]

with a copy to

Blake, Cassels & Graydon LLP
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON M5L 1A9
Canada

Attention: John Leopardi and Andrew Thompson

E-mail: john.leopardi@blakes.com; andrew.thompson@blakes.com

to a VPI Principal at:

William Alfonso:

E-mail: [REDACTED]

Brett Leonard:

E-mail: [REDACTED]

Albert Rizzo:

E-mail: [REDACTED]

Josh Shore:

E-mail: [REDACTED]

in each case, with a copy to

Blake, Cassels & Graydon LLP
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON M5L 1A9
Canada

Attention: John Leopardi and Andrew Thompson

E-mail: john-leopardi@blakes.com; andrew.thompson@blakes.com

and to the Company at

Attention: Chief Executive Officer & Chief Financial Officer

E-mail: [REDACTED]

or at any other address as any Party may at any time advise the other Parties by Communication given or made in accordance with this Section 14.2. Any Communication delivered to the Party to whom it is addressed will be deemed to have been given or made and received on the day it is so delivered at that Party's address, provided that if that day is not a Business Day then the Communication will be deemed to have been given or made and received on the next Business Day. Any Communication transmitted by e-mail or other functionally equivalent electronic means of transmission will be deemed to have been given or made and received on the day on which it was transmitted; but if the Communication is transmitted on a day that is not a Business Day or after 4:00 p.m. (local time of the recipient), the Communication will be deemed to have been given or made and received on the next Business Day.

14.3 Severability

Each provision of this Agreement is distinct and severable. If any provision of this Agreement, in whole or in part, is or becomes illegal, invalid, void, voidable or unenforceable in any jurisdiction by any court of competent jurisdiction, the illegality, invalidity or unenforceability of that provision, in whole or in part, will not affect:

14.3.1 the legality, validity or enforceability of the remaining provisions of this Agreement, in whole or in part; or

14.3.2 the legality, validity or enforceability of that provision, in whole or in part, in any other jurisdiction.

If a court determines that any provision contained in this Agreement including, without limitation, a restrictive covenant or any part thereof is unenforceable because of the duration or geographical scope of the provision, the duration or scope or other applicable aspect of the provision, as the case may be, shall be reduced so that the provision becomes enforceable and, in its reduced form, the provision shall then be enforceable and shall be enforced.

14.4 Submission to Jurisdiction

Each of the Parties irrevocably and unconditionally submits and attorns to the exclusive jurisdiction of the courts of the Province of British Columbia to determine all issues, whether at law or in equity, arising from this Agreement, other than those to be determined by arbitration under Article 11 (*Arbitration*). To the extent permitted by applicable law, but without limiting the scope or effectiveness of Article 11 (*Arbitration*), each of the Parties:

- 14.4.1 irrevocably waives any objection, including any claim of inconvenient forum, that it may now or in the future have to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of that province, or that the subject matter of this Agreement may not be enforced in those courts;
- 14.4.2 irrevocably agrees not to seek, and waives any right to, judicial review by any court that may be called upon to enforce the judgment of the courts referred to in this Section 14.4, of the substantive merits of any suit, action or proceeding; and
- 14.4.3 to the extent that Party has or in the future may acquire any immunity from the jurisdiction of any court or from any legal process, whether through service or notice, attachment before judgment, attachment in aid of execution, execution or otherwise, with respect to itself or its property, irrevocably waives that immunity in respect of its obligations under this Agreement.

14.5 Amendment and Waiver

No supplement, amendment, waiver, discharge or termination of this Agreement is binding unless it is executed in writing by Shareholders holding at least 75% of the Shares to which voting rights are attached. No waiver of failure to exercise, or delay in exercising, any provision of this Agreement constitutes a waiver of any other provision (whether or not similar) nor does any waiver constitute a continuing waiver unless otherwise expressly provided.

14.6 Further Assurances

Each Party will, at their own cost and expense, execute and deliver any further agreements and documents and provide any further assurances, undertakings and information as may be reasonably required by the requesting Party to give effect to this Agreement and, without limiting the generality of this provision, will do or cause to be done all acts and things, execute and deliver or cause to be executed and delivered all agreements and documents and provide any assurances, undertakings and information as may be required at any time by all Governmental Authorities having jurisdiction over the affairs of a Party or as may be required at any time under applicable law.

14.7 Assignment and Enurement

Neither this Agreement nor any right or obligation under this Agreement may be assigned by any Party without the prior written consent of the Company and the Shareholders. This Agreement enures to the

benefit of and is binding upon the Parties and their respective heirs, executors, trustees, administrators, personal or legal representatives, successors and permitted assigns.

14.8 Creation and Use of Electronic Document

This Agreement and any counterpart of it may be created, provided, received, retained and otherwise used, and will be accepted, in any digital, electronic or other intangible form, and may be sent in that form to a Party by e-mail at its address set out in Section 14.2 (*Notices*).

14.9 Electronic Signatures and Delivery

This Agreement and any counterpart of it may be:

- 14.9.1 signed by manual, digital or other electronic signatures; and
- 14.9.2 delivered or transmitted by any digital, electronic or other intangible means, including by e-mail or other functionally equivalent electronic means of transmission,

and that execution, delivery and transmission will be valid and legally effective to create a valid and binding agreement between the Parties.

14.10 Counterparts

This Agreement may be signed and delivered by the Parties in counterparts, with the same effect as if each of the Parties had signed and delivered the same document, and that execution and delivery will be valid and legally effective.

14.11 Conflict Between Sections

Except as may otherwise be expressly provided in this Agreement, if the exercise by a Party of its rights under any provision of this Agreement would conflict with the concurrent exercise by another Party of its rights under any provision of this Agreement, the first Party to exercise its rights will prevail.

14.12 Costs and Expenses

Except as otherwise specified in this Agreement, all costs and expenses (including the fees and disbursements of accountants, financial advisors, legal counsel and other professional advisors) incurred in connection with this Agreement including the obligations under this Agreement, the completion of the transactions contemplated by this Agreement and the enforcement of this Agreement, are to be paid by the Party incurring those costs and expenses.

14.13 No Fractional Shares

No fractional shares will be issued by the Company. If a calculation under this Agreement would otherwise result in a fractional Share being acquired by a Shareholder, then the calculation will be rounded down to the next whole number and:

- 14.13.1 any Shares of a Shareholder that would not, as a result, be sold to another Shareholder will, despite any contrary provision in Section 6.3 (*Right of First Refusal*) or Section 4.5 (*Triggered Shareholders*), be sold to the Company; and

14.13.2 the number of shares issued under any issuance of shares by the Company will be reduced as necessary to reflect the calculation.

14.14 Share Certificates

All share certificates representing shares issued by the Company will have the following statement noted conspicuously on them:

“There are restrictions on the right to transfer the shares represented by this certificate. In addition, those shares are subject to a shareholder agreement dated the 26th day of April between, among others, the Company and its shareholders, as that agreement may be amended at any time, and may not be pledged, sold or otherwise transferred except in accordance with the provisions of that agreement.”

All certificates representing securities issued by the Company that are convertible into or exchangeable for shares or evidencing a right to acquire shares in the Company will contain a statement substantially to the same effect.

14.15 No *Contra Proferentem*

This Agreement has been reviewed by each Party's professional advisors, and revised during the course of negotiations between the Parties. Each Party acknowledges that this Agreement is the product of their joint efforts, that it expresses their agreement, and that, if there is any ambiguity in any of its provisions, no rule of interpretation favouring one Party over another based on authorship will apply.

14.16 Independent Legal Advice

Each of the Parties acknowledges that it has read and understands the terms and conditions of this Agreement and acknowledges and agrees that it has had the opportunity to seek, and was not prevented or discouraged by any other Party from seeking, any independent legal advice that it considered necessary before the execution and delivery of this Agreement and that, if it did not avail itself of that opportunity before signing this Agreement, it did so voluntarily without any undue pressure, and agrees that its failure to obtain independent legal advice will not be used by it as a defence to the enforcement of its obligations under this Agreement.

Each of the Parties has executed and delivered this Agreement as of the Effective Date.

LOBE SCIENCES LTD.

Per: _____ *philip young*
Name: Philip J. Young
Title: CEO

VIRTUAL PSYCHEDELICS INCORPORATED

DocuSigned by:
Per: _____ *[Signature]*
Name: _____
Title: _____

1301872 B.C. LTD.

Per: _____ *philip young*
Name: Philip Young
Title: Director

WITNESS

DocuSigned by:
William Alfonso
_____ 8B676FDEG09C4A6...
WILLIAM ALFONSO

WITNESS

DocuSigned by:
Brett Leonard
_____ 38705D7CCE904D6
BRETT LEONARD

WITNESS

DocuSigned by:
Albert Rizzo
_____ F4E495EB58A64A2
ALBERT RIZZO

WITNESS

DocuSigned by:
[Signature]
_____ 524492CFC84D42D
JOSH SHORE

Signature page to Shareholders' Agreement

**EXHIBIT 1.1.70
TO SHAREHOLDER AGREEMENT
PARTICIPATION AGREEMENT**

NOTE that this Participation Agreement is to be used when securities in the Company are transferred from a current shareholder to a new shareholder, or are issued to a new shareholder by the Company, and that new shareholder is any of the following:

- a corporation, holding the securities on its own behalf; or
- a natural person, holding the securities on their own behalf.

IN ADDITION, this Participation Agreement is to be signed by any principal shareholder of a new shareholder that is a corporation, if that principal is a natural person, holding their interest in the new shareholder on their own behalf.

IF THE NEW SHAREHOLDER OR PRINCIPAL WHO WOULD OTHERWISE BE ASKED TO SIGN THIS PARTICIPATION AGREEMENT DOES NOT FALL INTO ANY OF THE ABOVE CATEGORIES, THIS PARTICIPATION AGREEMENT IS NOT SUITABLE AND YOU MUST SEEK LEGAL ADVICE.

NOTE that counsel to the Company may recommend other changes to this Participation Agreement. THE COMPANY SHOULD SEEK LEGAL ADVICE BEFORE THIS AGREEMENT IS SIGNED.

PARTICIPATION AGREEMENT

TO:

All parties who are now or become bound by the Shareholder Agreement.

BY:

(the "**New Shareholder**")

- and (if applicable) -

(the "**New Principal**")

DATED: _____

CONTEXT:

- A.** Virtual Psychedelics Incorporated (the "**Company**") and its shareholders are parties to a shareholder agreement originally dated ●, 2021 (as it may be amended, confirmed, supplemented or restated by written agreement, the "**Shareholder Agreement**").
- B.** Under the terms of the Shareholder Agreement, in addition to certain other restrictions on transfers and issuances of securities of the Company, there can be no transfer of the Company's securities by any of the Company's shareholders, or any issuance of securities of the Company, to the New Shareholder unless the New Shareholder and, if applicable, the New Principal, enter into this Participation Agreement (this "**Agreement**").
- C.** The New Shareholder proposes to acquire from an existing shareholder, or from the Company itself, certain securities of the Company (the "**Shares**").
- D.** The New Shareholder wishes to become a party to the Shareholder Agreement and to be bound to each of the parties to the Shareholder Agreement by all the applicable terms and restrictions provided for in the Shareholder Agreement.
- E.** The New Principal, if applicable, wishes to become a party to the Shareholder Agreement and to be bound to each of the parties to the Shareholder Agreement by all the applicable terms and restrictions provided for in the Shareholder Agreement.

IN CONSIDERATION OF the transfer or issuance of the Shares to the New Shareholder being permitted under the Shareholder Agreement, the New Shareholder and, if applicable, the New Principal, agree as follows:

1. Defined Terms

Capitalized terms used but not defined in this Agreement have the meanings given to those terms in the Shareholder Agreement.

2. Agreement to be Bound

- 2.1 The New Shareholder agrees to be bound by all the applicable terms and restrictions provided for in the Shareholder Agreement.
- 2.2 The New Principal, if applicable, agrees to be bound by all the applicable terms and restrictions provided for in the Shareholder Agreement.
- 2.3 The New Shareholder’s address for the purposes of giving any Communication is as follows:

If applicable, the New Principal’s address for the purposes of giving any Communication is as follows:

- 2.4 The provisions of the Shareholder Agreement with respect to governing law, submission to jurisdiction, severability, counterparts and electronic signatures, as well as the Shareholder Agreement’s provisions with respect to independent legal advice, also apply to this Agreement. The New Shareholder and, if applicable, the New Principal, acknowledge that they have been provided with a complete copy of the Shareholder Agreement before executing this Agreement.

3. Representations and Warranties

- 3.1 If the New Shareholder is a natural person, it makes the representations and warranties in Section 3.1 of the Shareholder Agreement (*Representations and Warranties of Individual Shareholders*) in favour of all other Parties, with such modifications, exclusions, qualifications and additional representations and warranties as approved by Lobe and VPI.
- 3.2 If the New Shareholder is a corporation, it makes the representations and warranties in Section 3.1 of the Shareholder Agreement (*Representations and Warranties of Corporate Shareholders*) in favour of all other Parties, with such modifications, exclusions, qualifications and additional representations and warranties as approved by Lobe and VPI.
- 3.3 The New Principal, if applicable, makes the representations and warranties in Section 3.3 of the Shareholder Agreement (*Representations and Warranties of Principals*) in favour of all other Parties, with such modifications, exclusions, qualifications and additional representations and warranties as approved by Lobe and VPI.

4. Schedule

The Schedule referred to in this Agreement, if required, is attached and forms an integral part of this Agreement.

The New Shareholder and, if applicable, the New Principal have caused this Agreement to be executed as of the date above.

If the New Shareholder is a natural person:

Print name:

If the New Shareholder is a corporation:

Corporation name: _____

Per: _____

Print name:

Print title:

If there is a New Principal:

Print name: