

## ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT (the “**Agreement**”) is dated as of the 21<sup>st</sup> day of September, 2021.

### BETWEEN:

**CAPTIVA VERDE WELLNESS CORP.**, a corporation incorporated under the laws of the Province of British Columbia (“**Captiva**”)

and

**1324954 B.C. LTD.**, a corporation incorporated under the laws of the Province of British Columbia (“**Spinco**”)

(together, “the **Parties**” and individually, a “**Party**”)

### RECITALS

- A. Captiva has agreed to transfer its interest in and to the Letter of Intent (as such term is defined in this Agreement) to its wholly-owned subsidiary Spinco;
- B. The Parties intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the *Business Corporations Act* (British Columbia); and
- C. The Parties have entered into this Agreement to provide for the matters referred to in the foregoing recital and for other matters relating to such arrangement.

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties do hereby covenant and agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

- (a) “**Agreement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to this arrangement agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;
- (b) “**Applicable Laws**” means all applicable corporate laws, rules of applicable stock exchanges and applicable securities laws, including the rules, regulations, notices,

instruments, blanket orders and policies of the securities regulatory authorities in Canada;

- (c) “**Arrangement**” means the arrangement pursuant to Section 288 of the *BCBCA* set forth in the Plan of Arrangement;
- (d) “**Arrangement Provisions**” means Part 9, Division 5 of the *BCBCA*;
- (e) “**Arrangement Resolution**” means the special resolution in respect to the Arrangement and other related matters to be considered at the Captiva Meeting;
- (f) “*BCBCA*” means the Business Corporations Act, S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder;
- (g) “**Business Day**” means a day other than a Saturday, Sunday or other than a day when banks in the City of Vancouver, British Columbia are not generally open for business;
- (h) “**Captiva Board**” means the board of directors of Captiva;
- (i) “**Captiva Class A Shares**” means the renamed and re-designated Captiva Shares as described in §3.1 of the Plan of Arrangement;
- (j) “**Captiva Class A Preferred Shares**” means the Class “A” preferred shares without par value which Captiva will create and issue pursuant to §3.1 of the Plan of Arrangement;
- (k) “**Captiva Meeting**” means the special meeting of the Captiva Shareholders to be held on October 29, 2021, and any adjournment(s) or postponement(s) thereof;
- (l) “**Captiva Shares**” means the common shares without par value in the authorized share capital of Captiva, as constituted on the date of this Agreement;
- (m) “**Captiva Shareholders**” means the holders from time to time of Captiva Shares;
- (n) “**Computershare**” means Computershare Trust Company of Canada;
- (o) “**Court**” means the Supreme Court of British Columbia;
- (p) “**Crypto**” means Crypto One Inc., a company incorporated under the laws of the Province of Ontario;
- (q) “**Dissent Rights**” means the rights of dissent in respect of the Arrangement Resolution;
- (r) “**Dissenting Shareholder**” means a Captiva Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its Captiva Shares in accordance with the Interim Order and the Plan of Arrangement;

- (s) “**Dissenting Shares**” means the Captiva Shares in respect of which Dissenting Shareholders have exercised a right of dissent;
- (t) “**Effective Date**” means the date the Arrangement becomes effective as determined by resolution of the Captiva Board, in accordance with the Final Order
- (u) “**Final Order**” means the order of the Court approving the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (v) “**GAAP**” means generally accepted accounting principles in effect in Canada at the relevant time, including the accounting recommendations in the Handbook of the Canadian Institute of Chartered Accountants, including as applicable, International Financial Reporting Standards;
- (w) “**Information Circular**” means the management proxy circular of Captiva to be sent by Captiva to the Captiva Shareholders in connection with the Captiva Meeting;
- (x) “**Interim Order**” means an interim order of the Court concerning the Arrangement in respect of Captiva, containing declarations and directions with respect to the Arrangement and the holding of the Captiva Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (y) “**Letter of Intent**” means the letter of intent dated June 12, 2021 between Captiva and Crypto relating to the sale of the assets of Crypto to Captiva, a copy of which is appended hereto as Schedule “B”;
- (z) “**New Shares**” means the new class of common shares without par value which Captiva will create pursuant to §3.1 of the Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant respect to the Captiva Shares;
- (aa) “**Notice of Meeting**” means the notice of special meeting of the Captiva Shareholders in respect of the Captiva Meeting;
- (bb) “**Parties**” means Captiva and Spinco; and “**Party**” means any one of them;
- (cc) “**Person**” means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;
- (dd) “**Plan of Arrangement**” means the plan of arrangement substantially in the form set out in Schedule “A” to this Agreement, as amended or supplemented from time to time in accordance with Article 6 thereof and Article 6 hereof;
- (ee) “**Registrar**” means the Registrar of Companies for the Province of British Columbia duly appointed under the *BCBCA*;

- (ff) “**Registered Shareholder**” means a registered holder of Captiva Shares as recorded in the shareholder register of Captiva maintained by Computershare;
- (gg) “**Share Distribution Record Date**” means the record date for the Captiva Meeting or such other date as determined by the Captiva Board, which date establishes the Captiva Shareholders who will be entitled to receive New Shares and Spinco Shares pursuant to this Arrangement;
- (hh) “**Spinco**” means 1324954 B.C. Ltd., a private company incorporated under the *BCBCA*;
- (ii) “**Spinco Shareholder**” means a holder of Spinco Shares;
- (jj) “**Spinco Shares**” means the common shares without par value in the authorized share structure of Spinco, as constituted on the date of this Agreement;
- (kk) “**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, all as amended from time to time;
- (ll) “**United States**” or “**U.S.**” means, as the context requires, the United States of America, any territory or possession thereof, any state of the United States, and/or the District of Columbia; and
- (mm) “**U.S. Securities Act**” means the United Securities Act of 1933, as amended.

## 1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement (including Schedules “A” to “**Error! Reference source not found.**” hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

## 1.3 Number, etc.

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

## 1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place.

## **1.5 Entire Agreement**

This Agreement, together with the agreements and documents herein and therein referred to, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

## **1.6 Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

## **1.7 Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under GAAP and all determinations of an accounting nature are required to be made shall be made in a manner consistent with GAAP.

## **1.8 References to Legislation**

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

## **1.9 Enforceability**

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

## **1.10 Schedules**

The following schedules attached hereto are incorporated into and form an integral part of this Agreement:

“A” – Plan of Arrangement

“**Error! Reference source not found.**” – Assets

## **ARTICLE 2 THE ARRANGEMENT**

### **2.1 Plan of Arrangement**

The Parties will forthwith jointly file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the Captiva Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement Resolution and upon receipt thereof, the Parties will forthwith carry out the terms of the Interim Order to the

extent applicable to it. Provided all necessary approvals for the Arrangement Resolution are obtained from the Captiva Shareholders, the Parties shall jointly submit the Arrangement to the Court and apply for the Final Order. Upon issuance of the Final Order and subject to the conditions precedent in Article 5, Captiva shall forthwith proceed to file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to the Arrangement Provisions, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any act or formality.

## **2.2 Interim Order**

The Interim Order shall provide that:

- (a) the securities of Captiva for which holders shall be entitled to vote on the Arrangement Resolution shall be the Captiva Shares;
- (b) the Captiva Shareholders shall be entitled to vote on the Arrangement Resolution, with each Captiva Shareholder being entitled to one vote for each Captiva Share held by such holder; and
- (c) the requisite majority for the approval of the Arrangement Resolution shall be two-thirds of the votes cast by the Captiva Shareholders present in person or by proxy at the Captiva Meeting.

## **2.3 Information Circular and Meetings**

As promptly as practical following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws:

- (a) Captiva shall:
  - (i) prepare the Information Circular and cause such circular to be mailed to the Captiva Shareholders and filed with applicable regulatory authorities and other governmental authorities in all jurisdictions where the same are required to be mailed and filed; and
  - (ii) convene the Captiva Meeting.

## **2.4 Effective Date**

The Arrangement shall become effective in accordance with the terms of the Plan of Arrangement on the Effective Date.

### **ARTICLE 3 COVENANTS**

#### **3.1 Covenants Regarding the Arrangement**

From the date hereof until the Effective Date, the Parties will use all reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using reasonable efforts:

- (a) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
- (b) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby; and
- (c) to effect all necessary registrations and filings and submissions of information requested by governmental authorities required to be effected by it in connection with the Arrangement.

#### **3.2 Covenants Regarding Execution of Documents**

- (a) The Parties will perform all such acts and things, and execute and deliver all such agreements, notices and other documents and instruments as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement.

#### **3.3 Giving Effect to the Arrangement**

The Arrangement shall be effected in the following manner:

- (a) The Parties shall proceed forthwith to apply for the Interim Order providing for, among other things, the calling and holding of the Captiva Meeting for the purpose of, among other things, considering and, if deemed advisable, approving and adopting the Arrangement;
- (b) The Spinco Shareholders shall approve the Arrangement by a consent resolution;
- (c) Upon obtaining the Interim Order, Captiva shall call the Captiva Meeting and mail the Information Circular and related Notice of Meeting and form of Proxy to the Captiva Shareholders;
- (d) If the Captiva Shareholders approve the Arrangement, Captiva shall thereafter (subject to the exercise of any discretionary authority granted to Captiva's directors by the Captiva Shareholders) take the necessary actions to submit the Arrangement to the Court for approval and grant of the Final Order; and

- (e) Upon receipt of the Final Order, Captiva shall, subject to compliance with any of the other conditions provided for in Article 5 hereof and to the rights of termination contained in Article 7 hereof, file the required material with the Registrar in accordance with the terms of the Plan of Arrangement.

### **3.4 U.S. Securities Law Matters**

The Parties agree that the Arrangement will be carried out with the intention that all of the New Shares, Captiva Class A Preferred Shares and Spinco Shares issued, distributed and exchanged, as applicable, in the course of and on completion of the Arrangement will be delivered by Captiva to the Captiva Shareholders, other than Dissenting Shareholders, in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereunder. In order to ensure the availability of the exemption under Section 3(a)(10) of the U.S. Securities Act, the Parties agree that the Arrangement will be carried out on the following basis:

- (a) the Court will be advised as to the intention of the Parties to rely on the exemption under Section 3(a)(10) of the U.S. Securities Act before the hearing required to approve the Arrangement;
- (b) the Court will be required to satisfy itself as to the fairness (both procedurally and substantively) of the Arrangement to the Captiva Shareholders;
- (c) Captiva will ensure that each Captiva Shareholder entitled to receive New Shares, Captiva Class A Preferred Shares and, upon redemption of the Captiva Class A Preferred Shares in accordance with their terms, Spinco Shares, pursuant to the Arrangement will be given adequate notice advising them of their right to attend the hearing of the Court to approve the Arrangement and providing them with sufficient information necessary for them to exercise that right;
- (d) the Captiva Shareholders entitled to receive New Shares, Captiva Class A Preferred Shares and, upon redemption of the Captiva Class A Preferred Shares in accordance with their terms, Spinco Shares, will be advised that the same will be issued, distributed and exchanged, as applicable, pursuant to the Arrangement, have not been and will not be registered under the U.S. Securities Act and will be issued, distributed and exchanged by Captiva and Spinco, as applicable, in reliance on the exemption under Section 3(a)(10) of the U.S. Securities Act;
- (e) the Interim Order will specify that each Captiva Shareholder will have the right to appear before the Court at the hearing to approve the Arrangement as long as they enter an appearance within the time prescribed by the Interim Order;
- (f) the Final Order will contain a statement to the effect that the Arrangement is fair to the Captiva Shareholders; and
- (g) the Final Order will include a statement to substantially the following effect:

“This Order will serve as a basis of a claim to an exemption, pursuant to section 3(a)(10) of the United States Securities Act of 1933, as amended,



from the registration requirements otherwise imposed by that act, regarding the distribution of securities of Captiva and Spinco, pursuant to the Plan of Arrangement.”

### **3.5 U.S. Tax Matters**

Captiva will advise the Captiva Shareholders who are resident in, or citizens of, the United States to consult their own tax advisors to determine the particular United States tax consequences to them of the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction. No rulings from the Internal Revenue Service or legal opinions have been or will be sought with respect to any of the tax consequences relating to the transactions described herein including, without limitation, with respect to income, estate, gift or other tax consequences.

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES**

### **4.1 Representations and Warranties**

Each of the Parties hereby represents and warrants to the other that:

- (a) It is a corporation duly incorporated and validly subsisting under the laws of its jurisdiction of existence, and has full capacity and authority to enter into this Agreement and to perform its covenants and obligations hereunder;
- (b) It has taken all corporate actions necessary to authorize the execution and delivery of this Agreement and this Agreement has been duly executed and delivered by it;
- (c) Neither the execution and delivery of this Agreement nor the performance of any of its covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of: (i) any provision of its constituting or governing corporate documents, (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it or (iii) any agreement or instrument to which it is a party or by which it is bound; and
- (d) No dissolution, winding up, bankruptcy, liquidation or similar proceedings have been commenced or are pending or proposed in respect of it.

## **ARTICLE 5 CONDITIONS PRECEDENT**

### **5.1 Mutual Conditions Precedent**

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived by the mutual

written consent of such Parties without prejudice to their right to rely on any other of such conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been passed by the Captiva Shareholders at the Captiva Meeting in accordance with the Arrangement Provisions, the constating documents of Captiva, the Interim Order and the requirements of any applicable regulatory authorities;
- (c) the Arrangement and this Agreement, with or without amendment, shall have been approved by the Spinco Shareholder(s) to the extent required by, and in accordance with, the Arrangement Provisions and the constating documents of Spinco;
- (d) the Final Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably;
- (e) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the transactions provided for in this Agreement and the Plan of Arrangement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, each in form acceptable to the Parties;
- (f) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Arrangement;
- (g) no more than 0.5% of the Captiva Shareholders shall have exercised dissent rights; and
- (h) this Agreement shall not have been terminated under Article 7.

Except for the conditions set forth in this §5.1 which, by their nature, may not be waived, any of the other conditions in this §5.1 may be waived, either in whole or in part, by any of the Parties, as the case may be, at its discretion.

## 5.2 Closing

Unless this Agreement is terminated earlier pursuant to the provisions hereof, the Parties shall meet at the registered and records offices of Captiva, Suite 1500 – 1055 West Georgia Street, Vancouver, BC, at 10:00 a.m. (Vancouver time) on such date as they may mutually agree (the “**Closing Date**”), and each of them shall deliver to the other of them:

- (a) the documents required to be delivered by it hereunder to complete the transactions contemplated hereby, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and

shall be held in escrow to be released upon the occurrence of the Effective Date;  
and

- (b) written confirmation as to the satisfaction or waiver by it of the conditions in its favour contained in this Agreement.

### **5.3 Merger of Conditions**

The conditions set out in §5.1 hereof shall be conclusively deemed to have been satisfied, waived or released upon the occurrence of the Effective Date.

### **5.4 Merger of Representations and Warranties**

The representations and warranties in §4.1 shall be conclusively deemed to be correct as of the Effective Date and each shall accordingly merge in and not survive the effectiveness of the Arrangement.

## **ARTICLE 6 AMENDMENT**

### **6.1 Amendment**

This Agreement may at any time and from time to time before or after the holding of the Captiva Meeting be amended by written agreement of the Parties without, subject to Applicable Laws, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by a Captiva Shareholder without approval by the Captiva Shareholders, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

## **ARTICLE 7 TERMINATION**

### **7.1 Termination**

Subject to §7.2, this Agreement may at any time before or after the holding of the Captiva Meeting, and before or after the granting of the Final Order, but in each case prior to the Effective Date, be terminated by direction of the board of directors of Captiva without further action on the part of

the Captiva Shareholders, or by the respective board of directors of Spinco, without further action on the part of the respective Spinco Shareholder(s), and nothing expressed or implied herein or in the Plan of Arrangement shall be construed as fettering the absolute discretion by the board of directors of Captiva and Spinco respectively, to elect to terminate this Agreement and discontinue efforts to effect the Arrangement for whatever reasons it may consider appropriate.

## **7.2 Cessation of Right**

The right of any of the Parties or any other party to amend or terminate the Plan of Arrangement pursuant to §6.1 and §7.1 shall be extinguished upon the occurrence of the Effective Date.

## **ARTICLE 8 NOTICES**

### **8.1 Notices**

All notices which may or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be deemed to be validly given if served personally or by electronic transmission, in each case to the attention of the senior officer at the following addresses or at such other address as shall be specified by a Party by like notice:

**CAPTIVA VERDE WELLNESS CORP.**, addressed to:

c/o Suite 1500 – 1055 West Georgia Street  
Vancouver, BC V6E 4N7

Attention: CEO of Captiva Verde Wellness Corp.

**1324954 B.C. LTD.**, addressed to:

c/o Suite 1500 – 1055 West Georgia Street  
Vancouver, BC V6E 4N7.

Attention: CEO of 1324954 B.C. Ltd.

or such other address as the Parties may, from time to time, advise to the other Parties by notice in writing. Any notice that is delivered to such address shall be deemed to be delivered on the date of delivery if delivered on a Business Day prior to 4:00 p.m. (local time at the place of receipt) or on the next Business Day if delivered after 4:00 p.m. or on a non-Business Day. Any notice delivered by facsimile transmission shall be deemed to be delivered on the date of transmission if delivered on a Business Day prior to 4:00 p.m. (local time at the place of receipt) or on the next Business Day if delivered after 4:00 p.m. or on a non-Business Day.

## **ARTICLE 9 GENERAL**

### **9.1 Assignment and Enurement**

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and assigns. This Agreement may not be assigned by any party hereto without the prior consent of the other Parties.

### **9.2 Disclosure**

Each Party shall receive the prior consent, not to be unreasonably withheld, of the other Parties prior to issuing or permitting any director, officer, employee or agent to issue, any press release or other written statement with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, if any Party is required by law or administrative regulation to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that Party will consult with the other Parties as to the wording of such disclosure prior to its being made.

### **9.3 Costs**

Except as contemplated in the Arrangement and herein, each Party hereto covenants and agrees to bear its own costs and expenses in connection with the transactions contemplated hereby.

### **9.4 Severability**

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

### **9.5 Further Assurances**

Each Party hereto shall, from time to time and at all times hereafter, at the request of any other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

## **9.6 Time of Essence**

Time shall be of the essence of this Agreement.

## **9.7 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and the Parties irrevocably attorn to the jurisdiction of the courts of the Province of British Columbia. Each of the Parties hereby irrevocably and unconditionally consents to and submits to the jurisdiction of the courts of the Province of British Columbia in respect of all actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agrees not to commence any action, suit or proceeding relating thereto except in such courts) and further agrees that service of any process, summons, notice or document by single registered mail to the addresses of the parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against any Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of British Columbia and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

## **9.8 Waiver**

No waiver by any Party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

## **9.9 Original Agreement**

The parties acknowledge and agree that the Original Agreement is terminated and is concurrently replaced and superseded with the terms and conditions contained herein.

## **9.10 Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument. Execution of this Agreement electronically or manually, and the electronic delivery of this Agreement in counterparts shall constitute valid delivery of the same.

**[Signature Page Follow, Space Intentionally Left Blank]**

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

**CAPTIVA VERDE WELLNESS CORP.**

**1324954 B.C. LTD.**

By: \_\_\_\_\_  
Michael Boyd, Director and Authorized  
Signatory

By: \_\_\_\_\_  
Jeffery J. Ciachurski, Director and  
Authorized Signatory

**SCHEDULE “A” TO THE ARRANGEMENT AGREEMENT**  
**PLAN OF ARRANGEMENT UNDER DIVISION 5 OF PART 9**  
**OF THE**  
**BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)**

**S.B.C. 2002, c. 57**

**ARTICLE 1**  
**INTERPRETATION**

**1.1** In this Plan of Arrangement, the following terms have the following meanings:

“**Arrangement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to the proposed arrangement involving Captiva Shareholders and the Spinco Shareholders, pursuant to the Arrangement Provisions on the terms and conditions set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;

“**Arrangement Agreement**” means the arrangement agreement dated effective September 21, 2021, between the Parties with respect to the Arrangement, and all amendments thereto;

“**Arrangement Provisions**” means Division 5 of Part 9 of the *BCBCA*;

“*BCBCA*” means the Business Corporations Act (British Columbia), S.B.C. 2002, c. 57, as may be amended or replaced from time to time;

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Vancouver, in the Province of British Columbia, for the transaction of banking business;

“**Captiva**” means Captiva Verde Wellness Corp., a company existing under the *BCBCA*;

“**Captiva Class A Shares**” means the renamed and re-designated Captiva Shares, as described in §3.1 of this Plan of Arrangement;

“**Captiva Class A Preferred Shares**” means the Class “A” preferred shares without par value which Captiva will create and issue pursuant to §3.1 of this Plan of Arrangement;

“**Captiva Meeting**” means the special meeting of Captiva Shareholders to be held to consider the Arrangement Resolution and related matters, and any adjournments thereof;

“**Captiva Shares**” means the common shares without par value in the authorized share capital of Captiva, as constituted on the date of this Agreement;



“**Captiva Shareholder**” means the holders from time to time of Captiva Shares;

“**Court**” means the Supreme Court of British Columbia;

“**Distributed Spinco Shares**” means the Spinco Shares that are to be distributed to the Captiva Shareholders pursuant to §3.1;

“**Effective Date**” means the Business Day on which the Arrangement becomes effective, as the directors of Captiva may determine by resolution of the directors;

“**Effective Time**” means 12:01 a.m. Pacific Time on the Effective Date;

“**Final Order**” means the final order of the Court approving the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**Information Circular**” means the management information circular to be sent to the Captiva Shareholders in connection with the Captiva Meeting;

“**Interim Order**” means the interim order of the Court concerning the Arrangement under the *BCBCA* in respect of the Parties, containing declarations and directions with respect to the Arrangement and the holding of the Meetings, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**Letter of Intent**” means the letter of intent dated June 12, 2021 between Captiva and Crypto relating to the sale of the assets of Crypto to Captiva, a copy of which is appended to the Arrangement Agreement as Schedule “B”;

“**New Shares**” means the new class of common shares without par value which Captiva will create pursuant to §3.1 of this Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant aspect to the Captiva Shares;

“**Parties**” means, collectively, Captiva and Spinco; and “**Party**” means any one of them;

“**Plan**” or “**Plan of Arrangement**” means this plan of arrangement as amended or supplemented from time to time in accordance with the terms hereof and Article 7 of the Arrangement Agreement;

“**Registrar**” means the Registrar of Companies duly appointed under the *BCBCA*;

“**Share Distribution Record Date**” means the record date for the Captiva Meeting or such other date as determined by the Captiva Board, which date establishes the Captiva Shareholders who will be entitled to receive New Shares and Spinco Shares pursuant to this Plan of Arrangement;

“**Spinco**” means 1324954 B.C. Ltd., a private company incorporated under the *BCBCA*;

“**Spinco Shareholder**” means a holder of Spinco Shares;

“**Spinco Shares**” means the common shares without par value in the authorized share structure of Spinco, as constituted on the date of this Agreement;

“**Tax Act**” means the *Income Tax Act* (Canada), as amended; and

“**Transfer Agent**” means Computershare Trust Company of Canada at its principal office in Vancouver, British Columbia.

- 1.2** The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3** Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4** Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.
- 1.5** In the event that the date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- 1.6** References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

## **ARTICLE 2 ARRANGEMENT AGREEMENT**

- 2.1** This Plan of Arrangement is made pursuant and subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2** This Plan of Arrangement will become effective in accordance with its terms and be binding at the Effective Time on the Captiva Shareholders. The Company shall file at the registered office of the Company, to be kept in the Company’s minute book, a certificate signed by an officer of the Company, certifying the Effective Date as determined by resolution of Captiva’s board of directors.

## **ARTICLE 3 ARRANGEMENT**

- 3.1** Commencing at the Effective Time, the following shall occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything contained in the provisions attaching to any of the Parties, but subject to the provisions of Article 6:
- (a) Captiva will assign the Letter of Intent to Spinco in consideration for approximately 14,349,107 shares from Spinco in accordance with Section 3.1(f) (the “**Distributed**”

**Spinco Shares**") so that each Captiva Shareholder shall receive from Spinco in consideration for the Letter of Intent, such number of shares equal to 1 share of Spinco for every 10 Captiva Shares issued and outstanding as of the Share Distribution Record Date, subject to an escalation bonus where every 10 cents increase in the share price of Captiva above \$0.40, as of the Effective Date, will amount to a conversion increase of 10% (the "**Escalation Bonus**");

- (b) Thereafter, Captiva will be added to the central securities register of Spinco in respect of such Spinco Shares;
- (c) The authorized share capital of Captiva will be changed by:
  - (i) Altering the identifying name of the Captiva Shares to class "A" common shares without par value, being the Captiva Class A Shares;
  - (ii) Creating a class consisting of an unlimited number of common shares without par value (the "**New Shares**"); and
  - (iii) Creating a class consisting of an unlimited number of class "A" preferred shares without par value, having the rights and restrictions described in Schedule "A" to the Plan of Arrangement, being the Captiva Class A Preferred Shares;
- (d) Each issued Captiva Class A Share will be exchanged for one New Share and one tenth of one Captiva Class A Preferred Share (to be adjusted in accordance with the Escalation Bonus, if applicable), subject to the exercise of a right of dissent, the holders of the Captiva Class A Shares will be deemed to have been removed from the central securities register of Captiva and will be deemed to have been added to the central securities register as the holders of the number of New Shares and Captiva Class A Preferred Shares that they have received on the exchange;
- (e) All of the issued Captiva Class A Shares will be cancelled with the appropriate entries being deemed to have been made in the central securities register of Captiva and the aggregate paid up capital (as that term is used for purposes of the Tax Act) of the Captiva Class A Shares immediately prior to the Effective Date will be allocated between the New Shares and the Captiva Class A Preferred Shares so that the aggregate paid up capital of the Captiva Class A Preferred Shares is, as far as possible, equal to the aggregate fair market value of the Distributed Spinco Shares as of the Effective Date or as is soon thereafter as is practicable, and each Captiva Class A Preferred Share so issued will be issued by Captiva at an issue price equal to the aggregate fair market value of the Distributed Spinco Shares as of the Effective Date, divided by the number of issued Captiva Class A Preferred Shares, such aggregate fair market value of the Distributed Spinco Shares to be determined as at the Effective Date by resolution of the board of directors of Captiva;
- (f) Captiva will redeem the issued Captiva Class A Preferred Shares for consideration consisting solely of the Distributed Spinco Shares such that each holder of Captiva Class A Preferred Shares will, subject to the rounding of fractions and the exercise

of rights of dissent, receive that number of Spinco Shares that is equal to the number of Captiva Class A Preferred Shares held by such holder;

- (g) The name of each holder of Captiva Class A Preferred Shares will be deemed to have been removed as such from the central securities register of Captiva, and all of the issued Captiva Class A Preferred Shares will be cancelled with the appropriate entries being deemed to have been made in the central securities register of Captiva;
- (h) The Distributed Spinco Shares transferred to the holders of the Captiva Class A Preferred Shares pursuant to step §(f) above will be registered in the names of the former holders of Captiva Class A Preferred Shares and appropriate entries will be made in the central securities registers of Spinco, on such date as the Captiva directors may determine;
- (i) The Captiva Class A Shares and the Captiva Class A Preferred Shares issued under the Arrangement, none of which will be allotted or issued until the steps referred to in steps §(d) and §(f) above are completed, will be cancelled and the authorized share structure of Captiva will be changed by eliminating, if the Captiva Board so chooses, the Captiva Class A Shares and the Captiva Class A Preferred Shares therefrom; and
- (j) The Notice of Articles and Articles of Captiva will be amended to reflect the changes to its authorized share structure made pursuant to this Plan of Arrangement.

**3.2** Notwithstanding §3.1(f) and §3.1(j) no fractional Spinco Shares shall be distributed to the Captiva Shareholders, as a result all fractional share amounts arising under such sections shall be rounded down to the nearest whole number. Any Distributed Spinco Shares not distributed as a result of this rounding down shall be dealt with as determined by the board of directors of Captiva in its absolute discretion.

**3.3** The holders of the Captiva Class A Shares and the holders of New Shares and Captiva Class A Preferred Shares referred to in §3.1(d), and the holders of the Captiva Class A Preferred Shares referred to in §3.1(f), §3.1(g) and §3.1(h), shall mean in all cases those persons who are Captiva Shareholders at the close of business on the Share Distribution Record Date, subject to Article 5.

**3.4** In addition to the chronological order in which the transactions and events set out in §3.1 shall occur and shall be deemed to occur, the time on the Effective Date for the redemption of the Captiva Class A Preferred Shares set out in 3.1(f) shall occur, and shall be deemed to occur, on the Effective Date.

**3.5** All New Shares, Captiva Class A Preferred Shares, and Spinco Shares issued pursuant to this Plan of Arrangement shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the *BCBCA*.

**3.6** The Arrangement shall become final and conclusively binding on the Captiva Shareholders and the Spinco Shareholders, and the Parties on the Effective Date.

- 3.7 Notwithstanding that the transactions and events set out in §3.1 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of the Parties shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in §3.1 including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefore, and any necessary additions to or deletions from share registers.

#### **ARTICLE 4 CERTIFICATES**

- 4.1 Recognizing that the Captiva Shares shall be redeemed and re-designated as Captiva Class A Shares pursuant to §3.1(c)(i) and that the Captiva Class A Shares shall be exchanged partially for New Shares pursuant to §3.1(d), Captiva shall not issue replacement share certificates representing the Captiva Class A Shares.
- 4.2 Recognizing that the Distributed Spinco Shares shall be transferred to the Captiva Shareholders as consideration for the redemption of the Captiva Class A Preferred Shares pursuant to §3.1(f), Spinco shall issue one share certificate representing all of the respective Distributed Spinco Shares registered in the name of Captiva, which share certificate shall be held by Captiva until the Distributed Spinco Shares are transferred to the Captiva Shareholders and such certificate shall then be cancelled by Captiva. To facilitate the transfer of the Distributed Spinco Shares to the Captiva Shareholders as of the Share Distribution Record Date, Captiva shall execute and deliver to the Transfer Agent an irrevocable power of attorney or direction, authorizing them to distribute and transfer the Distributed Spinco Shares to such Captiva Shareholders in accordance with the terms of this Plan of Arrangement and Spinco shall deliver a treasury order or such other direction on the Effective Date for the aforementioned Captiva Subsidiary to effect such issuance to the Transfer Agent as requested by it.
- 4.3 Recognizing that all of the Captiva Class A Preferred Shares issued to the Captiva Shareholders pursuant to §3.1(d) will be redeemed by Captiva as consideration for the distribution and transfer of the Distributed Spinco Shares (such distribution for the Captiva Subsidiary to occur at the Effective Date for such subsidiary) under §3.1(f), Captiva shall be deemed to issue one share certificate representing all of the Captiva Class A Preferred Shares issued pursuant to §3.1(d) and §3.1(f), for the benefit of the Captiva Shareholders until such Captiva Class A Preferred Shares are redeemed, and such certificate shall then be deemed to be cancelled.
- 4.4 As soon as practicable after the Effective Date for the Captiva Subsidiary, Spinco (as applicable) shall cause (through the Transfer Agent) to be issued to the registered holders of Captiva Shares as of the Share Distribution Record Date, share certificates representing the respective Spinco Shares to which they are entitled pursuant to this Plan of Arrangement and shall cause such share certificates (or DRS) to be mailed to such registered holders.

- 4.5 From and after the Effective Date, share certificates representing Captiva Shares immediately before the Effective Date, except for those deemed to have been cancelled pursuant to Article 5, shall for all purposes be deemed to be share certificates representing New Shares, and no new share certificates shall be issued with respect to the New Shares issued in connection with the Arrangement.
- 4.6 Captiva Shares traded, if any, after the Share Distribution Record Date and prior to the Effective Date shall represent New Shares, and shall not carry any right to receive a portion of the Distributed Spinco Shares.

## ARTICLE 5 DISSENTING SHAREHOLDERS

- 5.1 Notwithstanding §3.1 hereof, holders of Captiva Shares may exercise rights of dissent (the “**Dissent Right**”) in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in sections 237 – 247 of the *BCBCA* (collectively, the “**Dissent Procedures**”).
- 5.2 Captiva Shareholders who duly exercise Dissent Rights with respect to their Captiva Shares (“**Dissenting Shares**”) and who:
- (a) are ultimately entitled to be paid fair value for their Dissenting Shares, shall be deemed to have transferred their Dissenting Shares to Captiva for cancellation immediately before the Effective Date; or
  - (b) for any reason are ultimately not entitled to be paid fair value for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Captiva Shareholder and shall receive New Shares and Spinco Shares on the same basis as every other non-dissenting Captiva Shareholder, and in no case shall Captiva be required to recognize such person as holding Captiva Shares on or after the Effective Date.
- 5.3 If a Captiva Shareholder exercises the Dissent Right, Captiva shall on the Effective Date set aside and not distribute that portion of the Distributed Spinco Shares that is attributable to the Captiva Shares for which the Dissent Right has been exercised. If the dissenting Captiva Shareholder is ultimately not entitled to be paid for their Dissenting Shares, Captiva shall distribute to such Captiva Shareholder his, her or its pro-rata portion of the respective Distributed Spinco Shares. If a Captiva Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then Captiva shall retain the portion of Distributed Spinco Shares attributable to such Captiva Shareholder (collectively, the “**Non-Distributed Shares**”), and the Non-Distributed Shares shall be dealt with as determined by the board of directors of Captiva in its absolute discretion.

## ARTICLE 6 AMENDMENTS

- 6.1 The Parties may amend, modify and/or supplement this Plan of Arrangement at any time

and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be:

- (i) set out in writing;
- (ii) filed with the Court and, if made following the Captiva Meeting, approved by the Court; and
- (iii) communicated to holders of Captiva Shares, or Spinco Shares, as the case may be, if and as required by the Court.

**6.2** Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Captiva at any time prior to the Captiva Meeting with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Captiva Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

**6.3** Captiva, with the consent of the other parties, may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Captiva Meeting and prior to the Effective Date with the approval of the Court.

**6.4** Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date but shall only be effective if it is consented to by the Parties, provided that such amendment, modification or supplement concerns a matter which, in the reasonable opinion of the Parties, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any of the Parties or any former holder of Captiva Shares, or Spinco Shares, as the case may be.

## **ARTICLE 7 REFERENCE DATE**

**7.1** This plan of arrangement is dated for reference the 21<sup>st</sup> day of September, 2021.

## SCHEDULE “A” TO THE PLAN OF ARRANGEMENT

### SPECIAL RIGHTS AND RESTRICTIONS FOR CLASS A PREFERRED SHARES

The class A preferred shares as a class has or shall have attached to them the following special rights and restrictions:

#### Definitions

- (1) In these Special Rights and Restrictions,
  - (a) “**Arrangement**” means the arrangement pursuant to Division 5 of Part 9 of the Business Corporations Act (British Columbia) S.B.C 2002, c.57 as contemplated by the Arrangement Agreement,
  - (b) “**Arrangement Agreement**” means the Arrangement Agreement dated as of September 21, 2021 between Captiva Verde Wellness Corp. (the “**Company**”), and 1324954 B.C. Ltd.,
  - (c) “**Old Common Shares**” means the common shares in the authorized share structure of the Company that have been re-designated as class A common shares without par value pursuant to the Plan of Arrangement,
  - (d) “**Effective Date**” means the date upon which the Arrangement becomes effective,
  - (e) “**New Shares**” means the common shares without par value created in the authorized share structure of the Company pursuant to the Plan of Arrangement, and
  - (f) “**Plan of Arrangement**” means the Plan of Arrangement attached as Schedule “A” to the Arrangement Agreement.
- (2) The holders of the class A preferred shares are not as such entitled to receive notice of, nor to attend or vote at, any general meeting of the shareholders of the Company.
- (3) Class A preferred shares shall only be issued on the exchange of Old Common Shares for New Shares and class A preferred shares pursuant to and in accordance with the Plan of Arrangement.
- (4) The capital to be allocated to the class A preferred shares shall be the amount determined in accordance with §3.1(e) of the Plan of Arrangement.
- (5) The class A preferred shares shall be redeemable by the Company pursuant to and in accordance with the Plan of Arrangement.
- (6) Any class A preferred share that is or is deemed to be redeemed pursuant to and in accordance with the Plan of Arrangement shall be cancelled and may not be reissued.

[End of Schedule “A”]



**SCHEDULE "B"**

**LETTER OF INTENT**

[See Next Page]