

**DECEMBER 17, 2020**

**SHAREHOLDERS' AGREEMENT**

**Among**

**1260389 B.C. LTD.**

**AND ITS SHAREHOLDERS,**

**AND**

**OTHER SHAREHOLDERS,  
FROM TIME TO TIME,  
WHO AGREE TO BE BOUND**

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## **SHAREHOLDERS' AGREEMENT**

THIS SHAREHOLDERS' AGREEMENT made as of the 17th day of December,  
2020

AMONG:

**THE PERSONS LISTED IN SCHEDULE "A" ATTACHED HERETO**

(the "Shareholders")

OF THE FIRST PART

AND:

**1260389 B.C. LTD.**, having an office at #220-333 Terminal  
Avenue, Vancouver, British Columbia, V6A 4C1

(the "Corporation")

OF THE THIRD PART

WITNESSES THAT WHEREAS:

- A. The Corporation is a corporation duly incorporated under the laws of the Province of British Columbia;
- B. The authorized capital of the Corporation consists of an unlimited number of Common shares all without nominal or par value, having attached thereto the rights, privileges, restrictions and conditions set out in the Articles of Incorporation of the Corporation;
- C. The Shareholders wish to enter into this Agreement in order to record their agreement as to the manner in which the affairs of the Corporation shall be conducted and to provide for their rights and obligations with respect to the Corporation;

NOW THEREFORE in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties to this Agreement covenant and agree, each with the others, as follows:

### **ARTICLE 1 INTERPRETATION**

#### **1.1 Definitions**

Where used in this Agreement each of the following words and phrases shall have the following respective meanings:

- (a) “Act” means the *British Columbia Business Corporations Act*, [SBC 2002] c. 57 and regulations related thereto, as amended from time to time;
  - (b) “Affiliate” means with respect to any Shareholder, any Person directly or indirectly controlled by, controlling or under common control with such Shareholder;
  - (c) “Agreement” means this Agreement, as amended from time to time;
  - (d) “Agreement to be Bound” has the meaning ascribed thereto in Section 7.2;
  - (e) “Audit Committee” has the meaning ascribed thereto in Section 3.6;
  - (f) “Auditors” means the auditors of the Corporation from time to time or where the Corporation does not have auditors, its independent accountants;
  - (g) “Business Day” means a day other than Saturday, Sunday or any other day which is a legal holiday within the Province of British Columbia;
  - (h) “Control” or “Controls” in the case of any corporation (including the Corporation) means:
    - (i) the right to exercise, directly or indirectly, a majority of the votes that may be voted at a general meeting of the corporation; or
    - (ii) the right to elect or appoint directly or indirectly a majority of the directors of the corporation or other persons who have the right to manage or supervise the management of the affairs and business of the corporation;
- and, in the case of any other Person, “control” or “controls” means ownership, directly or through ownership of other Persons, of at least 50% of the beneficial equity interests therein;
- (i) “Corporation” means Boosh Plant Based Brands Inc.
  - (j) “Corporation Board” means the board of directors of the Corporation;
  - (k) “Encumbrance” means any mortgage, pledge, hypothecation, security, interest, lien, condition, assignment, option, claim, trust, beneficial interest, voting trust, assignment of or restriction on voting rights, or any other title defect, encumbrance or charge whatsoever, whether or not registered or registrable;
  - (l) “Individual” means a person who is a natural person;
  - (m) “IFRS” means the International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board, applied on a consistent basis with prior periods;

- (n) “IPO” means a bona fide, initial public offering of the Shares pursuant to a prospectus filed with securities regulatory authorities in Canada or pursuant to a registration statement filed with the securities regulatory authorities in the USA, in each case, together with the concurrent listing or quotation of such Shares on a stock exchange or over the counter market;
- (o) “Legend” has the meaning ascribed thereto in Section 7.5;
- (p) “Person” includes an individual, a firm, a corporation, a syndicate, a partnership, a trust, an association, a joint venture, an incorporated organization, or other entity;
- (aa) “Share Purchase Agreement” means the share purchase agreement between the Corporation, Boosh Food Inc., and the then shareholders of Boosh Food Inc. dated November 13, 2020;
- (ab) “Shares” means the common shares in the capital of the Corporation as constituted at the date hereof, any other securities into which such common shares may be converted, exchanged, reclassified, redesignated, subdivided, consolidated or otherwise changed from time to time, any securities of any successor corporation to or corporation continuing from the Corporation that such shares or other securities may be changed into or become as a result of any amalgamation, continuance, merger, consolidation, plan of arrangement or reorganization, statutory or otherwise, and any securities received as a stock dividend or other distribution on or in respect of such shares or other securities;
- (ac) “Shareholder Affiliated Transferee” has the meaning ascribed thereto in Section 7.2;
- (ad) “Shareholders” means the persons listed in Schedule “A” hereto, and any person who subsequently becomes a shareholder of the Corporation and agrees to be bound by this Agreement either pursuant to the express provisions of this Agreement or by agreement in writing of the parties to this Agreement, and includes in each case their heirs, executors, administrators, successors and permitted assigns, as the case may be, and “Shareholder” means any one of the Shareholders;
- (ae) “Subsidiary” means any body corporate that is Controlled by the Corporation;
- (af) “Subsidiary Board” means the board of directors of a Subsidiary; and
- (ag) “Transferor” has the meaning ascribed thereto in Section 7.2.

## **1.2 Law and Courts**

This Agreement shall in all respects be governed by and be construed in accordance with the laws of the Province of British Columbia which shall be the proper law of the contract. All disputes and claims arising under this Agreement will be referred to the courts

of the Province of British Columbia and courts of appeal therefrom, which will have jurisdiction, but not exclusive jurisdiction, and each party hereby submits to the non-exclusive jurisdiction of such courts.

### **1.3 Severability**

If any Article, Section, subsection, provision or part of this Agreement shall for any reason be held by a court of competent jurisdiction to be illegal, invalid, void, voidable or unenforceable, then such illegal, invalid, void, voidable or unenforceable Article, Section, subsection, provision or part shall be severable and severed from this Agreement, and the other provisions of this Agreement shall not be affected thereby but shall be and remain in full force and effect.

### **1.4 Number and Gender**

Wherever the singular or the masculine is used herein the same shall be deemed to include the plural or the feminine or the body politic or corporate where the context or the parties so require.

### **1.5 Headings**

The headings of Articles and Sections of this Agreement are inserted for convenience of reference only and are not to be considered when interpreting this Agreement.

### **1.6 Cross References**

Unless otherwise stated a reference herein to a numbered or lettered Article, Section or subsection refers to the Article, Section or subsection bearing that number or letter in this Agreement.

### **1.7 Accounting Terms**

All accounting terms not defined in this Agreement shall have those meanings generally ascribed to them in accordance with IFRS, applied consistently.

### **1.8 Currency**

All references to currency are deemed to mean lawful money of Canada (unless expressed to be in some other currency).

### **1.9 References within Agreement**

The words “herein”, “hereby”, “hereof”, “hereto”, and words of similar import, refer to this Agreement as a whole and not to any particular Article, Section or subsection of this Agreement.

**1.10            Application**

This Agreement shall apply *mutatis mutandis* to all Shares now owned by the Shareholders and all Shares that may hereafter be acquired by the Shareholders, or any of them. This Agreement shall also apply to all Shares owned by any person that, after the date hereof, becomes a Shareholder.

**1.11            Shareholders to Implement Agreement**

Each of the Shareholders covenants and agrees at all times to vote the Shares owned or controlled by it in such manner as to carry out the terms of this Agreement and shall, to the extent permitted by law, cause the Corporation Board to vote at all Corporation Board meetings in such manner as to carry out the terms of this Agreement. The parties hereto shall take all such other action and execute all such other agreements, instruments and documents as may be necessary or desirable to carry out the terms of this Agreement.

A Shareholder shall continue to exercise the voting rights attached to any Shares that have been transferred by such Shareholder to a Shareholder Affiliated Transferee of such Shareholder, and on any matter from time to time any Shares held by a Shareholder Affiliated Transferee of a Shareholder shall be deemed to have been voted in the same manner as any other Shares voted by the Shareholder of such Shareholder Affiliated Transferee on such matter.

**1.12            Agreement Prevails**

The Shareholders agree that to the extent that the constating documents of the Corporation conflict with the terms of this Agreement, the terms of this Agreement shall supersede and take precedence over the said constating documents and the Shareholders shall take all such action as may be necessary or desirable to ensure that the terms of this Agreement shall so prevail.

**ARTICLE 2  
ORGANIZATION OF THE CORPORATION AND ANY SUBSIDIARIES**

**2.1            Name of Corporation**

The name of the Corporation shall continue to be Boosh Plant Based Brands Inc.

**2.2            Going Public Transaction**

The Corporation will pursue the completion of an IPO and the Corporation Board will take all commercially reasonable steps to result in the occurrence of same.

**2.3            Appointment of Directors**

The Corporation shall have a board of directors composed of seven directors in accordance with the Share Purchase Agreement, four of which will be nominees of Connie Marples and three of which will be nominees of James Pakulis, and shall initially consist of:

- (a) James Pakulis, Chairman and CEO;
- (b) Connie Marples, President;
- (c) Ralph Almanzar;
- (d) Alex McAuley, CFO;
- (e) Lance Marples;
- (f) David Coburn; and
- (g) Jennifer Eged.

provided that such Individual is not disqualified to act as a director under the Act and that his or her election as director would not result in the Corporation failing to comply with any provision of the Act regarding the residency or nationality of directors. In connection with the IPO, and subject to the requirements of the applicable stock exchange upon which the Shares are listed, the Corporation shall enter into agreements with Connie Marples and James Pakulis providing them with rights to nominate directors of the Corporation, on a basis substantially similar to the rights provided in this Section 2.3, for a period of three years following the completion of the IPO.

#### **2.4 Removal of Directors**

In the event that a director of the Corporation shall fail to vote and act as a director of the Corporation to carry out the provisions of this Agreement, then the Shareholders agree to exercise their right as Shareholders of the Corporation and in accordance with the Act to remove such director.

#### **2.5 Filling Vacancies**

In the event that a position on the Corporation Board shall be or become vacant for any reason whatsoever including, without limitation, removal under Section 2.3, such vacancy shall be filled in the same manner as the original appointment to such position on the Corporation Board.

#### **2.6 Quorum at Directors' Meetings**

A quorum for meetings of the Corporation Board shall be 6 out of the 7 members on the Board; and directors participating in any meeting by conference telephone in accordance with Section 2.6 shall be counted in quorum; provided, however, that if such quorum is not present on the date on which the meeting was called within 1 hour after the time fixed for the holding of such meeting, the meeting shall be adjourned, to be held at another time and day, not earlier than 48 hours thereafter, as determined by those directors present thereat and notice thereof shall be given to all directors. At such adjourned meeting a quorum shall be a majority of the directors then in office.

**2.7 Meetings of Directors**

Meetings of the Corporation Board shall be held in accordance with the articles of the Corporation. Any director of the Corporation shall be entitled to participate by conference telephone in any meeting of the Corporation Board, and to speak and vote thereat as the case may be.

**2.8 Notice of Meetings of Directors**

Any meeting of the Directors may be called by any Director on not less than 10 days written notice given to all the other Directors, which notice shall contain or be accompanied by an agenda of the business to be considered at the meeting and a reasonably detailed description of each item of business, provided that all the Director's may, by an instrument in writing delivered before or after the meeting or by participating at the meeting, waive notice of any meeting of the Directors. Any such meeting shall be considered to be duly constituted notwithstanding the absence of notice in respect thereof.

**2.9 Frequency and Place of Meetings of Directors**

The Corporation Board shall meet no less frequently than once in each calendar quarter and such meetings may be held at the registered office of the Corporation, or at any other place determined by the Corporation Board.

**2.10 Quorum at Shareholders' Meetings**

The quorum for all meetings of the Shareholders of the Corporation shall be a minimum of two Shareholders present in person or by proxy representing at least 20% of the then issued and outstanding Shares; provided however that if such quorum is not present on the date on which the meeting was called within 1 hour after the time fixed for the holding of such meeting, the meeting shall be adjourned, to be held at another time and day, not earlier than 48 hours thereafter, as determined by those Shareholders present thereat and notice thereof shall be given to all Shareholders.

**2.11 Frequency and Place of Shareholders' Meetings**

The Shareholders agree that there shall be a general meeting of the Shareholders of the Corporation at least once each calendar year and that all meetings of the Shareholders of the Corporation shall be held in Vancouver, British Columbia, or such other location as may be determined in writing by the Corporation Board.

**ARTICLE 3  
MANAGEMENT OF THE CORPORATION**

**3.1 Matters Requiring Unanimous Corporation Board Resolution**

In addition to any other requirement of the Act or articles or this Agreement, until the earlier of the IPO and two years following the date of this Agreement, the following matters

shall only be undertaken by the Corporation with an express unanimous resolution of the Corporation Board:

- (a) any borrowing by the Corporation or any Subsidiary, or the incurring of any debts or liabilities by the Corporation or any Subsidiary, that would cause the aggregate of all debt of the Corporation and all Subsidiaries to exceed \$100,000;
- (b) any investment (other than investments in Subsidiaries) by the Corporation or any Subsidiary in another company, partnership, association or legal entity that would cause the aggregate of all investments of the Corporation and all Subsidiaries in another company, partnership, association or legal entity to exceed \$10,000;
- (c) the guaranteeing of the liabilities of any third party, by the Corporation or any Subsidiary;
- (d) the making of any loan to a Subsidiary or the giving of any other financial assistance to a Subsidiary, in either case that exceeds \$50,000 individually or in the aggregate;
- (e) the making of any loan by the Corporation or any Subsidiary to any Shareholder or to an Affiliate of any Shareholder exceeding or that would cause all such loans by the Corporation to exceed \$25,000;
- (f) any contract between the Corporation or any Subsidiary and any Shareholder or an Affiliate of any Shareholder;
- (g) any change in the Corporation's significant accounting policies, except as may be required by IFRS;
- (h) any incorporation, purchase or acquisition or disposition of any Subsidiary, whether wholly or partially owned by the Corporation;
- (i) the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the assets and undertaking of the Corporation or of any of its Subsidiaries;
- (j) the consolidation, merger or amalgamation of the Corporation with any other company, association, partnership or legal entity, other than a wholly owned Subsidiary;
- (k) any increase or reduction in the authorized capital of the Corporation;
- (l) any amendment of the constating documents of the Corporation;
- (m) the winding-up or liquidation of the Corporation, the institution of proceedings to be adjudicated a bankrupt or insolvent, consenting to the institution of such proceedings, consenting to the filing of any petition in bankruptcy or insolvency or to the appointment of a receiver of the property of the Corporation, making a

general assignment for the benefit of creditors, or admitting in writing the Corporation's inability to pay its debts as they become due, or taking any corporate action in furtherance of any of the foregoing;

- (n) except pursuant to this Agreement, the redemption, retraction, conversion or repurchase by the Corporation of any Shares, except where the Corporation is under a legal obligation to do so, and the granting, whether absolute or contingent, of any right or option thereto;
- (o) change the nature of the Corporation's business;
- (p) any appointment or change in the authorized signing officers of the Corporation in respect of legal or banking documents;
- (q) any appointment or change of the Auditors;
- (r) approval of annual operating and capital budgets;
- (s) a determination not to pursue an IPO;
- (t) any changes to the Subsidiary Board; and
- (u) the appointment or removal of any officers of the Corporation or any Subsidiary.

### **3.2 Matters Requiring Approval by Simple Majority Corporation Board Resolution**

In addition to any other requirement of the Act or Articles or bylaws or this Agreement, the following matters may only be undertaken by the Corporation with an express resolution of the Corporation Board passed by a simple majority of the directors voting on the resolution:

- (a) any adoption or amendment of any plan under which the employees of the Corporation are entitled to purchase or receive Shares in the capital of the Corporation;
- (b) the hiring or termination of employment of any management employee or any other employee whose annual salary and other remuneration exceeds \$ 100,000;
- (c) the entering into, execution, acknowledgement, amendment, supplement, cancellation or termination of any contract, agreement or other instrument to be entered into by the Corporation or any of its Subsidiaries with any Shareholder or an Affiliate of a Shareholder.

### **3.3 Auditors**

Unless changed pursuant to Section 3.2, the Auditors shall be Dale Matheson Carr-Hilton LaBonte LLP.

### **3.4 Financial Year End**

Until changed by an ordinary resolution of the Shareholders or by operation of law, the fiscal or financial year-end of the Corporation shall be March 31<sup>st</sup>.

### **3.5 Audit Committee**

In addition to any other committees of the Corporation Board which may from time to time be established, an audit committee (the “Audit Committee”) of the Corporation Board may be established as the Corporate Board deems necessary, composed of at least three Corporation Board members, the independence of which shall be as required by any applicable regulations.

### **3.6 Budgets and Reporting**

The Corporation shall prepare and deliver to the Corporation Board for approval:

- (a) at least 30 days before commencement of each fiscal year of the Corporation, a budget and operating plan in respect of the ensuing fiscal year, including the financial and cash forecast of projected business activities and operations of the Corporation, estimates of proposed and committed expenditures, the subject matter of each expenditure, all sources of revenue, cash and financing of the Corporation for the ensuing year and a statement of objectives and plans, and the Corporation shall update its budget and operating plan each fiscal quarter and shall submit each update to the Corporation Board for its approval at least 15 days prior to the commencement of each such fiscal quarter;
- (b) within 21 Business Days after each month, an interim financial statement to the end of that month, with information for that month and the fiscal quarter and the fiscal year to date, including a comparative statement to the end of each of the corresponding periods in the last fiscal year, and including an income statement and a statement of changes in financial position.

All financial statements and other reporting made pursuant to this Section shall be prepared in accordance with IFRS, applied consistently.

### **3.7 Directors and Officers Insurance**

The Corporation shall, if determined by the Board, arrange Directors and officers liability insurance coverage for the Directors and officers of the Corporation on terms and conditions and in an amount acceptable to the Board, which amounts shall be included in each Approved Operating Plan.

### **3.8 Indemnification of Directors**

The Corporation shall indemnify each Director and his or her heirs and legal representatives against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal

or administrative proceeding to which he or she is made a party by reason of being or having been a Director of the Corporation provided (i) he or she acted honestly and in good faith with a view to the best interests of the Corporation; and (ii) in the case of a criminal or administrative proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

## **ARTICLE 4 OFFICERS**

### **4.1 Officers of the Corporation**

The Corporation shall have a President, a Chief Executive Officer, a Chief Financial Officer and Corporate Secretary and such other officers as the Corporation Board may from time to time by resolution determine. The President and Chief Executive Officer shall be appointed by resolution of the Corporation Board. Officers other than the President and Chief Executive Officer shall be appointed by the President and Chief Executive Officer acting jointly. The following individuals are the current officers of the Corporation:

Connie Marples	-	President
James Pakulis		Chief Executive Officer
Alex Macaulay	-	Chief Financial Officer

### **4.2 Confidentiality and Non-Competition**

The Corporation will cause all senior officers of the Corporation and any Subsidiary to sign a confidentiality and non-competition agreement in favour of the Corporation in a form satisfactory to the Corporation's counsel.

## **ARTICLE 5 CONFIDENTIALITY AND NON-COMPETITION**

### **5.1 Definition of Confidential Information**

For the purposes of this Agreement, "Confidential Information" means:

- (a) all information, knowledge, or data pertaining to the business and affairs of the Corporation, or of its partners, Subsidiaries or affiliates, including, without limitation, financial information, marketing, manufacturing and commercial strategies, the terms and conditions of any contracts or agreements, (including this Agreement), actual or prospective business relationships to the extent not publicly disclosed;
- (b) all information, knowledge or data of an intellectual, technical, scientific or industrial nature in which the Corporation, or its partners, Subsidiaries or affiliates, has a proprietary or ownership interest or has a legal duty to protect, including, without limitation, laboratory procedures and techniques, biochemical

strategies and know-how, technical data, drawings, photographs, specifications, standards, manuals, reports, formulas, compilations, formulations, compositions, compounds, processes, information, lists, research data, trade secrets, biochemical and other scientific strategies and concepts, inventions, designs, know-how, methods and technical information, whether furnished or prepared before or after the date of this Agreement;

- (c) all analyses, compilations, data, studies, reports or other documents prepared by the Shareholder based upon or including any of the information, data or knowledge described in Subsections (a) and (b); and
- (d) all copies and tangible embodiments of the foregoing, in whatever form or medium.

## **5.2 Obligation of Confidentiality**

Notwithstanding the terms or conditions of any employment agreement between any Shareholder and the Corporation or any Subsidiary, no Shareholder shall:

- (a) disclose any Confidential Information to any Person who is not a Shareholder at the time of disclosure; or
- (b) use any Confidential Information for his or her own purposes or for any purposes other than those of the Corporation;

at any time while it is a Shareholder or at any time thereafter, provided that, subject to Section 5.5, a Shareholder may make disclosures of Confidential Information in accordance with Section 5.3 and may disclose to its professional or other advisors on a strictly confidential basis such Confidential Information as may be required for the conduct of any legal proceeding to which the Shareholder is a party under this Agreement. The foregoing obligations of confidentiality shall not apply to Confidential Information that:

- (c) is in the public domain other than through a breach of this Section 5.2;
- (d) is or was obtained from sources other than the Corporation or a Subsidiary without breach of any duty of confidentiality;
- (e) is required to be disclosed pursuant to applicable laws, or policies or regulations of any regulatory authority; or
- (f) is disclosed in any legal proceeding to which the Shareholder is a party under this Agreement.

The obligations of the Shareholders under this Section shall survive any termination of this Agreement and shall continue even after a Shareholder shall have transferred or disposed of all of its Shares or shall otherwise cease to be a Shareholder.

### **5.3 Permitted Disclosures for Directors and Officers**

Notwithstanding Section 5.2, a Shareholder who is a director or officer of the Corporation or any Subsidiary may, in the ordinary course of business of the Corporation or Subsidiary and in his capacity as a director or officer of the Corporation or Subsidiary, disclose to any Person who is not a Shareholder at the time of disclosure such Confidential Information as may be reasonably required for the promotion and advancement of the Corporation or Subsidiary, provided that such disclosure:

- (a) is made on a strictly confidential basis;
- (b) is in the best interests of the Corporation or the Subsidiary; and
- (c) is consistent with the fiduciary, statutory and contractual duties of the Shareholder in his capacity as a director or officer of the Corporation or the Subsidiary.

### **5.4 Trade Secrets**

Notwithstanding Section 5.2, each Shareholder:

- (a) shall for all purposes hold in a fiduciary capacity and solely for the benefit of the Corporation all Confidential Information that is a trade secret of the Corporation or any Subsidiary (including trade secrets discovered or developed by the Corporation or any Subsidiary) that it may acquire respecting any process, formula, plan, skill, research, equipment or method of doing business, developed or being developed or used by or known to the Corporation or any Subsidiary; and
- (b) covenants and agrees with each of the parties hereto not to use for its own purposes or disclose, divulge or communicate orally, in writing or otherwise to any person or persons, any trade secret referred to in Subsection (a);

at any time while it is a Shareholder or at any time thereafter. Without limiting the generality of Section 4.3, the Corporation Board, in its discretion, shall determine which of the employees of the Corporation shall be required to enter into an appropriate formal secrecy agreement with respect to the trade secrets of the Corporation.

### **5.5 Obligations Survive**

The obligations of the Shareholders under this Article 5 shall survive any termination of this Agreement.

### **5.6 Remedies**

In the event that any Shareholder uses, discloses, divulges or communicates to any Person any Confidential Information in breach of this Article 5 or otherwise breaches any provision of this Article 5, or if the Corporation has reasonable grounds for believing a Shareholder may use, disclose, divulge or communicate to any Person any Confidential Information in breach of this Article 5 or otherwise breach any provision of this Article 5, then

the Corporation will be entitled, in addition to other remedies and damages available, to seek an interlocutory and permanent injunction whereby the Shareholder will be ordered to respect and comply with the covenants and agreements contained in this Agreement.

## **ARTICLE 6 FINANCIAL MATTERS**

### **6.1           Funding**

Funds required from time to time by the Corporation will be obtained, to the greatest extent possible, firstly from the Corporation's cash flow or other internal resources, and secondly by issuing additional equity securities or obtaining debt financing. It is acknowledged that it is the Corporation's intent to seek additional equity financing with an eventual view to a listing on a recognized stock exchange.

### **6.2           Books of Corporation**

The Corporation shall at all times maintain proper books of account, which shall contain accurate and complete records of all transactions, receipts, expenses, assets and liabilities of the Corporation. The Corporation shall maintain such books and records and a system of accounting and reporting according to IFRS, applied consistently.

## **ARTICLE 7 TRANSFERS OF SHARES**

### **7.1           General Restriction on Transfer of Shares**

Except as provided in this Agreement, each of the Shareholders agrees that he will not sell, transfer, assign, mortgage, pledge, charge, hypothecate, encumber, alienate or otherwise dispose of, create a security interest in, grant an option on, create or allow an Encumbrance upon, or cease to be the legal and beneficial holder of, any Shares or any right or interest therein, at any time now or hereafter held or owned by or for the Shareholder.

### **7.2           Transfers to Affiliates Permitted**

Notwithstanding Section 7.1, any Shareholder (the "Transferor") may at any time or from time to time transfer all or any portion of his Shares to an Affiliate of such Transferor (the "Shareholder Affiliated Transferee") provided that, at or prior to the time of such transfer:

- (a) such Shareholder Affiliated Transferee shall agree with the other Shareholders and the Corporation, by executing a form of counterpart and acknowledgement acceptable to the Corporation and substantially in the form attached as Schedule A (the "Agreement to be Bound") in writing, to be bound by the terms of this Agreement as if such Shareholder Affiliated Transferee had entered into this Agreement in the place and stead of the Transferor, to assume, observe, perform and be bound by, jointly and severally with the Transferor, all the obligations and liabilities of the Transferor under this Agreement, to remain an Affiliate of the Transferor as long as it is the registered or beneficial owner of any Shares, and to

transfer the Shares back to the Transferor if it ceases to be an Affiliate of the Transferor; and

- (b) the Corporation receives evidence satisfactory to it, that such Shareholder Affiliated Transferee is an Affiliate of the Transferor and that the agreement referred to in subsection 7.2(a) above is a legal, valid and binding obligation of the Shareholder Affiliated Transferee;

Notwithstanding any transfer permitted pursuant to this Section 7.2:

- (c) the Transferor and the Shareholder Affiliated Transferee shall at all times after the transfer of Shares to the Shareholder Affiliated Transferee be jointly and severally liable to the other parties to this Agreement for the observance and performance of the covenants and obligations of the Transferor under this Agreement;
- (d) the Transferor shall cause the Shareholder Affiliated Transferee to remain an Affiliate of the Transferor so long as the Shareholder Affiliated Transferee shall have any registered or beneficial interest in the Shares;
- (e) the Transferor shall indemnify the other parties to this Agreement against any loss, damage or expense incurred as a result of the failure by the Shareholder Affiliated Transferee to comply with the provisions of this Agreement;
- (f) the Transferor shall cause the Shares to be transferred back to the Transferor if the Shareholder Affiliated Transferee ceases to be an Affiliate of the Transferor; and
- (g) any default under this Agreement by a Shareholder Affiliated Transferee shall be deemed a default of the Transferor of such Shareholder Affiliated Transferee and any default under this Agreement by a Transferor shall be deemed a default by the Shareholder Affiliated Transferee of such Transferor.

### **7.3 One Voice Rule for Affiliated Shareholders**

For the purposes of this Agreement, any notice required to be given to a Transferor and his Shareholder Affiliated Transferee need only be given to the Transferor, any Shares held by any such Shareholder Affiliated Transferee shall be deemed for all purposes of this Agreement to be held by the Transferor, any rights or obligations of such Shareholder Affiliated Transferee shall be deemed to be those of the Transferor and all actions taken by the Transferor in connection therewith shall be effective and binding upon such Shareholder Affiliated Transferee as if made by it.

Nothing herein contained shall restrict the ability of any Shareholder that is a Transferor, on the one hand, and its Shareholder Affiliated Transferee, on the other hand, from entering into such agreements consistent with the requirements of this Agreement as they may determine to be necessary or desirable to govern, as between themselves, the matters arising from the operation of this Agreement.

#### **7.4 Irrevocable Appointment of Power of Attorney**

By entering into the Agreement to be Bound provided for under Section 7.2, the Shareholder Affiliated Transferee shall irrevocably appoint the Transferor as the Shareholder Affiliated Transferee's attorney-in-fact with full power of substitution to vote, sign resolutions and waivers and do all things necessary or advisable with respect to the Shares held by such Shareholder Affiliated Transferee, including, without limitation the right to exercise, in person or by attorney, all the voting rights appertaining to such Shares and all rights in connection with the initiation, taking part in and consenting to any action as Shareholder including the execution and delivery of appropriate instruments of proxy and/or powers of attorney, to enable or initiate, taking part in and consenting to any action as shareholder including the execution and delivery of appropriate instruments of proxy and/or powers of attorney, to enable or facilitate the exercise of any and all such rights by or on behalf of the Shareholder Affiliated Transferee, and to execute and deliver all deeds, transfers, assignments and assurances necessary to effect any transfer of the Shares held by the Shareholder Affiliated Transferee at any time and from time to time. The Shareholder Affiliated Transferee shall deliver a copy of the power-of-attorney to the Corporation and the Agent at or prior to the time of such transfer. No change shall be made in the grant of this power-of-attorney without the prior consent of the Corporation.

#### **7.5 Share Certificates**

All Share Certificates shall be endorsed with the following legend (the "Legend"):

"This certificate is issued subject to and the shares represented hereby may not be sold, transferred, pledged, hypothecated or otherwise disposed of, except in compliance with the terms of the Shareholders' Agreement made as of ●, 2020."

Upon execution of this Agreement, each of the Shareholders shall surrender to the Corporation their respective Share Certificates to be endorsed by the Corporation with the Legend. Immediately thereafter the Corporation shall return such Share Certificates to the appropriate Shareholder.

#### **7.6 Appointment of Attorney Pursuant to this Agreement**

The Shareholders of the Corporation signatory hereto, Subsequent Shareholders bound under Section 7.2 hereof and any party that is subject to an Agreement to be Bound under section 7.2 hereof confirm and agree and that they hereby each irrevocably appoint the Chief Executive Officer of the Corporation to be their irrevocable attorney for the following purposes:

- (a) the attorney appointed has been authorized to make and sign on the appointing Shareholder's behalf and to deliver:
  - (i) any and all pooling agreements and other documents which such attorney sees fit in its discretion to give on its behalf to a securities commission, a recognized stock exchange or any other competent regulatory authority in British Columbia or elsewhere or to any underwriter, agent or sponsor of the Corporation's securities or any Exchanged Shares (as such term is

defined in the Subscription Agreement), on such terms and subject to such conditions as such attorney shall in its discretion deems fit or advisable;

- (ii) any and all resolutions of members, as may be deemed desirable by the directors of the Corporation to provide for any changes in the Corporation's constating documents; and
  - (iii) any and all voting trust, share disposition or shareholders' agreements as the board of directors of the Corporation may require which such attorney sees fit in his discretion to give on the appointing Shareholder's behalf.
- (b) the appointment shall remain effective until such time as the Corporation becomes a reporting issuer under the laws of British Columbia;
  - (c) the appointment shall be deemed to be coupled with an interest, shall be irrevocable, surviving death or dissolutions, and shall be binding upon the appointing Shareholder's executors, heirs, legal representatives, successors and assigns, as the case may be, and any other person may conclusively and absolutely rely, without inquiry, upon any action of the attorney appointed on behalf of the appointing Shareholder in all matters referred to herein;
  - (d) the appointing Shareholder agrees to be bound by any representations made and actions taken by the attorney appointed pursuant to the power of attorney in accordance with the terms thereof and hereby waives any and all defences which may be available to the appointing Shareholder to contest, negate or disaffirm the action of the attorney appointed taken under the power of attorney.

## **7.7 Issue of Additional Shares**

If any additional Shares, options to purchase Shares or securities exercisable or exchangeable for or convertible into Shares (collectively, "**Additional Securities**") are to be issued, such Persons shall agree to be bound by, and become Parties to, this Agreement by executing a form of counterpart and acknowledgement acceptable to the Corporation and substantially in the form attached as Schedule B.

## **ARTICLE 8 DEFAULT**

### **8.1 When Default Occurs.**

It is an event of default (a "**Default**") if a Shareholder (the "**Defaulting Shareholder**"):

- (a) fails to observe, perform or carry out any of its obligations hereunder or under any other agreement between the Defaulting Shareholder and the Corporation and such failure continues for 30 days after any other Shareholder not in default (the "**Non-defaulting Shareholder**") has in writing demanded that such failure be cured provided that if it is not reasonably possible to remedy such default within

30 days, then the Shareholders in question must be taking commercially reasonable steps to remedy such default to avoid being considered to be a Defaulting Shareholder;

- (b) fails to take reasonable actions to prevent or defend assiduously, any action or proceeding in relation to any of its Investment for seizure, execution or attachment or which claims:
  - (i) possession;
  - (ii) sale;
  - (iii) foreclosure;
  - (iv) the appointment of a receiver or receiver manager of its assets; or
  - (v) forfeiture or termination;
  - (vi) of or against any of the investment of the Defaulting Shareholder, and such failure continues for 30 days after the Non-defaulting Shareholder has in writing demanded that the same be taken or the Defaulting Shareholder fails to defend successfully any such action or proceedings; or
  - (vii) becomes bankrupt or commits an act of bankruptcy or if a receiver or receiver-manager of its assets is appointed or makes an assignment for the benefit of creditors or otherwise.

## **8.2 Options Upon Default under Section 9.1.**

In the event of a Default under Section 9.1, the Non-defaulting Shareholders will have the right, at its option, to do one or more of the following:

- (a) pursue any remedy available to it in law or equity, it is being acknowledged by each of the Shareholders that specific performance, injunctive relief (mandatory or otherwise) or other equitable relief may be the only adequate remedy for a Default;
- (b) take all actions in its own name or in the name of the Defaulting Shareholder, the Shareholders or the Corporation as may reasonably be required to cure the Default, in which event all payments, costs and expenses incurred therefor will be payable by the Defaulting Shareholder to the Non-defaulting Shareholder on demand with interest; or
- (c) waive the Default, provided, however, that any waiver of a particular Default will not operate as a waiver of any subsequent or continuing Default.

## **ARTICLE 9 GENERAL**

### **9.1 Applicability**

Except as otherwise expressly provided in this Agreement, this Agreement applies to each Shareholder only so long as the Shareholder holds any Shares in the capital of the Corporation.

### **9.2 Subsequent Shareholders to be Bound**

Each person who becomes a shareholder of the Corporation hereafter will subscribe to and be bound by the covenants, promises and conditions contained in this Agreement and will signify his assent to the terms hereof by signing this Agreement or by delivering an instrument in writing duly executed under seal to the existing Shareholders and the Corporation, subscribing to the terms hereof and setting out an address for delivery hereunder in the form attached hereto as Schedule B, and each of the parties hereto covenant and agree that each will be bound each to the other and each to the Corporation that, upon the assent to this Agreement by any subsequent party, each of them will be bound to each and every subsequent party and, in like manner, each and every subsequent party will be bound to each party, to the Corporation and to each and every subsequent party thereafter.

### **9.3 Unanimous Shareholders Agreement**

This Agreement is a unanimous shareholders agreement within the meaning ascribed to that term by the Act, and the powers of the directors of the Corporation to manage or supervise the management of the business and affairs of the Corporation shall be restricted as and to the extent provided in this Agreement.

### **9.4 Transfers of Shares**

Any purported sale, transfer, assignment, mortgage, pledge, charge, hypothecation, encumbrance, alienation or other disposition of Shares unless made in accordance with the provisions of this Agreement and without violating any provision hereof, shall be void and of no effect. Except as provided in Section 7.2, a Shareholder shall not transfer or sell fewer than all of such Shareholder's Shares.

### **9.5 Entire Agreement**

This Agreement, including the Schedules hereto, constitutes the entire Agreement among the parties hereto, and there are no representations, warranties, undertakings or agreements among the parties with respect to the subject matters hereof except as set out herein. In the event that any of the terms and provisions of any Subscription Agreement conflict with or are inconsistent with any of the terms of this Agreement, the terms and provisions of the Subscription Agreement shall govern.

**9.6**            **Enurement**

This Agreement shall enure to the benefit of and be binding on the respective successors, heirs, executors, administrators and permitted assigns of each of the parties hereto.

**9.7**            **Further Assurances**

The Shareholders shall execute such further assurances and other documents and instruments and do such further and other things as may be necessary to implement and carry out the intent of this Agreement. Each of the Shareholders agrees that it will vote and act at all times as a shareholder of the Corporation and in all other respects use its best efforts and take all steps as may be reasonably within its powers so as to cause the Corporation to act in the manner contemplated by the provisions of this Agreement and so as to implement to their full extent the provisions of this Agreement.

**9.8**            **No Partnership**

Nothing in this Agreement shall be deemed in any way or for any purpose to constitute any party a partner of any other party hereto in the conduct of any business or otherwise or a member of a joint venture or a joint enterprise with any other party hereto.

**9.9**            **Release**

Unless otherwise provided in this Agreement, upon a disposition by a Shareholder of all his Shares in compliance with the provisions of this Agreement, such Shareholder shall have no further rights or obligations under this Agreement in respect of matters arising or occurring after such disposition.

**9.10**          **Notices**

Any notice required or permitted to be given hereunder shall be in writing and may be delivered in person or by registered mail or by facsimile transmission or by other recorded communication addressed if to the Shareholders at the address set forth on page 1 of this Agreement and if to the Corporation to the address set forth below:

To the Corporation:  
#220-333 Terminal Avenue  
Vancouver, British Columbia, V6A 4C1

with a copy to:

Armstrong Simpson  
2080 – 777 Hornby Street  
Vancouver, British Columbia, V6Z 1S4

Attention: Shauna Hartman  
Email: shartman@armlaw.com

or such changed address as may be given by a party to the others by such written notice. Any such notice shall be considered to have been given when personally delivered or five business days after the date of mailing, or upon receipt of acknowledgement of receipt if sent by fax or other recorded communication.

**9.11 Waiver**

No provision of this Agreement shall be deemed to be waived unless such waiver is in writing. Any waiver of any default by any party hereto in the observance or of the performance of any part of this Agreement shall not extend to or be taken in any manner to affect any other default.

**9.12 Time of Essence**

Time is of the essence of this Agreement.

**9.13 Termination**

This Agreement shall terminate:

- (a) upon the written agreement of all Shareholders;
- (b) upon the closing or completion of an IPO; or
- (c) upon one Shareholder acquiring all Shares.

provided, however, that in the case of a termination of this Agreement in accordance with (b) above, Section 4.1 shall survive such termination for a period of six months following the IPO.

**9.14 Counterparts; Facsimile**

This Agreement may be executed in any number of counterparts with the same effect as if all parties had all signed the same document. All counterparts will be construed together and will constitute one and the same agreement. This Agreement may be executed by the parties and transmitted by facsimile transmission and if so executed and transmitted this Agreement shall be for all purposes as effective as if the parties had delivered an executed original Agreement.

**9.15            Discretion Not Fettered**

Nothing in this Agreement shall be construed so as to fetter the discretion of the directors of the Corporation or to require such directors to act in a particular manner with respect to any of the subject matters of this Agreement.

**9.16            No Assignment**

Except as provided in 8.2, no party shall be entitled to assign the benefit of any of its rights and interests under this Agreement in whole or in part without the prior written unanimous consent of the other parties hereto.

IN WITNESS WHEREOF the parties hereto have signed this Agreement as of the date and year first above written.

**1260389                            B.C.                            LTD.**

By: James Pakulis  
Name: James Pakulis  
Title: CEO

**[REDACTED: Signature lines containing personal names of initial shareholders]**

**SCHEDULE "A"**

**THE FOUNDING SHAREHOLDERS**

**[REDACTED: TABLE CONTAINING, NAMES, ADDRESS AND SHAREHOLDINGS  
OF INITIAL SHAREHOLDERS]**

**SCHEDULE B  
FORM OF COUNTERPART AND ACKNOWLEDGEMENT**

**RE: The shareholders agreement (the “Agreement”) made between 1260389 B.C. LTD. (the “Corporation”) and certain of its shareholders dated as of December 17, 2020**

The undersigned acknowledges that it has received a copy of the Agreement and has had an opportunity to review the Agreement. The undersigned agrees to be bound by the terms (including all covenants, agreements and obligations) of the Agreement as a party to the Agreement and shall be entitled to all benefits of a party pursuant to the Agreement, as fully and effectively as though the undersigned had executed the Agreement as a shareholder together with the other parties to the Agreement.

Dated [as of] ●.

[NAME]

By: \_\_\_\_\_

●

Authorized Signatory

**OR IF AN INDIVIDUAL**

\_\_\_\_\_  
Witness

\_\_\_\_\_  
[Name]